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OFFICE OF NATIONAL RECOVERY ADMINISTRATION

DIVISION OF REVIEW

HISTORY OF THE CODE OF FAIR COMPETITION

for the

LADIES HANDBAG INDUSTRY

WORK MATERIALS NO. 71

Administrative Section

March, 1936

H I S T O R Y

of the

CODE OF FAIR COMPETITION

for the

LADIES HANDBAG INDUSTRY

Approved Code No. 332

Author: Oliver W. Pearson

Robert C. Ayers
Chief, Histories Unit

9811

FOREWORD

This history of the Code of Fair Competition for the Ladies Handbag Industry is mimeographed in order to make available a sample of the code histories prepared by the Division of Review. A similar service will be rendered in connection with certain other code histories.

In order to get a complete picture of National Recovery Administration materials applicable to a given industry, one must visualize such a documented code history as this supported by the three volumes of evidence which were sent to the President at the time the code was recommended for his approval, plus any studies in this field either by the Division of Research and Planning or by the Division of Review of the National Recovery Administration, plus the vast amount of material in National Recovery Administration files which was developed in connection with the formation and administration of the code. These constitute a veritable treasury of information concerning the operations and problems of industry.

This history contains a documented account of the formation and administration of the code; the definition of the industry and the principal products thereof; the classes of members in the industry; and account of the sponsoring organizations, the conferences, negotiations and hearings which were held, and the activities in connection with obtaining approval of the code; the organization and operation of the code authority, the difficulties encountered in the administration, the extent of compliance and non-compliance, and the general success or lack of success of the code; and an analysis of the operation of the code provisions dealing with wages, hours, trade practices, and other provisions. These and other matters are canvassed, not only in the terms of materials to be found in the files, but also in terms of experiences of the Division Administrators, Deputy Administrators, Assistant Deputy Administrators and others connected with the code formation and administration.

At the back of this history will be found a brief statement of the studies and work undertaken by the Division of Review.

L. C. Marshall
Director, Division of Review

March 14, 1936

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January 7, 1936.

MEMORANDUM

TO: L. C. Marshall,
Director, Division of Review

FROM: Oliver W. Pearson

SUBJECT: History of the Code of Fair Competition for the LADIES HANDBAG INDUSTRY.

There is transmitted herewith the History of the Code of Fair Competition for the Ladies Handbag Industry.

This History was compiled in this office and was written in accordance with the model outline issued on July 10, 1935.

It is believed that this record, as submitted, adequately reflects the History of the Code of Fair Competition for the Ladies Handbag Industry.

Oliver W. Pearson

Approved:

Walter Mangum, Director,
Industry Section #3.

P R E F A C E

The Ladies Handbag Industry was founded in this country some fifty years ago and entirely manned by imported craftsmen. It continued for many years as a craft trade and only of quite recent years had it evolved into one of mass production with an increasingly large use of machinery.

Prosperous for years, almost beyond belief, net returns to owners very large, workmen or craftsmen earning $150 - $200 and in many cases $300 weekly it is not difficult to understand the mental condition that came into being, when machinery came upon the horizon, mass production threatened, labor became restive, and finally the depression arriving with its consequent loss of profits. To all of these factors can be ascribed the unrest that existed when N.I.R.A. was placed upon the statute books, but notwithstanding the disagreeing view points all had a belief that a Code was necessary, and would prove as it later did, of great benefit.

Reviewing the eighteen months I spent with the Ladies Handbag Industry and its Code Authority as its Administration Member, looking back over the other industries, some ten in number, to which I was accredited, I realize today the outstanding quality of the work done by the Handbag Group.

Perhaps other industries gathered more complete data, such for instance Millinery and Men's Hats, but none better welded together conflicting interests, none accomplished more in finding the common ground upon which to stand then did this sorely beset handbag Group.

Beginning with the days immediately preceding the enactment of the N.I.R.A. hearts and minds of industry were filled with malice, hatred, and all uncharitableness. This state of mind continued throughout the code negotiation period and did not disappear until some three months after the code went into operation, and the last months of the Code era found manufacturers more cohesive, more thoughtful in their relations with each other, more inclined to look at their problems from the view point of industry at large.

I would not have it believed that the millennium arrived but certain it is a degree of intelligence was injected into what had been a purely selfish outlook and all bade fair to profit accordingly.

In those last days one could feel in the air the different atmosphere that pervaded deliberations, one trade organization had come into being instead of several who hitherto had been at each others throats, and from what I was told by a number of manufacturers the industry at the end of its first code year was able to show at least some financial statements in black ink, the first in several years.

Close study has been made of records in our files as well as those of the code authority in New York. Many things stated are of necessity based upon my own recollections, but checked with officials of the late code authority, and I believe the following chapters represent a fairly comprehensive history of this code.

GENERAL INFORMATION

Definition of Industry
Principal Products
Products under other Codes
Definition of Industry Member
Classes of Members
Statistics

I. GENERAL INFORMATION

In compiling this history references were made to all available material in Washington and New York. This included:

1. PRINTED CODE
2. Volumes I, II and III of Code
3. Volumes I, II and III of Amendments
4. Volumes A and B, Central Records Section
5. Administration Orders
6. Deputy's Files
7. General Files
8. Research and Planning Files
9. Government Agency Reports
10. Code Authority Reports in re Budgets
11. Code Authority files in New York (Now in possession of the National Authority for the Ladies Handbag Industry, 347 Fifth Avenue, New York.)
12. Administration Members Files, New York City (Now in process of incorporation into General Files, Washington, D. C.)
13. Personal contacts with late Code Directors
14. History of Industry by Ab. Kittenthal, Code Director and filed with Dr. L. C. Marshall about September 15, 1933.
15. Bulletins issued by the Code Authority.

A. Definition of Industry

The Code as originally proposed August 11, 1933, by the Associated Handbag Industries of America, Inc. submitted the following as the definition: -

> "The term 'handbag industry' as used herein is defined to mean the manufacture and/or wholesale distribution of ladies handbags, pocketbooks and purses."
>
> "The term 'person' as used herein shall include natural persons, partnerships, associations and corporations."
>
> "The term 'employee' as used herein shall include every person actively engaged in the production and/or wholesale distribution of products of the handbag industry as herein defined."
>
> (Exhibit A - part 2, Page 1.)

As defined in mimeographed Revised Draft November 6th, 1933 it read: -

"The term 'Industry' as used herein includes the manufacture of ladies' handbags, pocketbooks and purses."

(See Exhibit A - Part 4.)

As Revised November 24, 1933 it read: -

1. "The term 'Industry' as used herein includes the manufacture of ladies', misses, and childrens handbags, pocketbooks, and purses, manufactured of any material of any kind or nature."

In the drafts of December 8, December 12, December 21, 1933, it remained without change.

(See Exhibit A part 6, page 1: part 7, page 1: part 8, page 1.)

The approved code Article II, Section 1, reads:

"The term 'industry' as used herein includes the manufacture of ladies', misses', and children's handbags, pocketbooks, and purses, manufactured of any material of any kind or nature. The term 'industry' shall not include, however, the manufacture of handbags, pocketbooks, purses and mesh bags manufactured in whole of metal."

The changes made resulted from various conferences and upon objection by A. J. Barrenboim and Mr. Newman of the Legal Division, counsel to the Division (see general files Code Record). They served to clarify the definition in that they more clearly specified the lines sought to be governed, and by eliminating the term "wholesale" prevent overlapping with distributing codes.

The generally accepted meaning of the Code definition included shopping bags, bathing bags, handkerchief bags, vanity boxes, cosmetic bags, and knitting bags. However, to remove doubts and because of repeated requests from industry for a still clearer definition the section was at the close in process of being amended to read:

"The term 'industry' as used herein includes the manufacture of ladies', misses' and childrens' handbags, pocketbooks and purses, shopping bags, bathing bags, handkerchief bags, kiddy bags, vanity boxes, cosmetic bags, knitting bags, manufactured of any material of any kind or nature. The term, however, shall not include articles commonly manufactured by Luggage and Fancy Leather Goods Industry for traveling purposes, nor over-night bags for

whatever purpose used, nor any article manufactured for mens' use only, nor manufacture of handbags, pocketbooks, purses, vanity cases, and mesh bags manufactured in whole of metal."

Note the inclusion also of "Kiddy bags". These are products of a group of some 75 manufacturers who at the time of dissolution were being transferred from the Luggage and Fancy Leather Goods Code to this Code.

(See Minutes Meeting No. 25 - Jan. 3, 1935 and correspondence general files)

Considerable opposition to this last proposed definition was raised by the Sanitary & Waterproof Specialties Industry, because of the inclusion of "bathing bags" and "cosmetic bags"; for many such were strictly of waterproof or rubberized materials. After several conferences with Mr. Kendrick of the Sanitary & Waterproof Specialties Code Authority, this difference was smoothed out. There was only one large manufacturer, (Kleinert Company) and three small ones affected and all but one, who had not yet been contacted, had agreed to use Ladies Handbag labels, in all items which bordered on this code. (See Code Record files)

1. Principal Products

Ladies - Misses - Childrens

Handbags

Pocketbooks

Purses (See Article II, Section 1 of Code)

2. Products also under other Codes

Kiddy Bags (Luggage and Fancy Leather Goods)

Bathing Bags (Sanitary & Waterproof Specialties)

B. Definition of Industry Member

In the draft of August 11, 1933 the term was stated:

"The term 'person' as used herein shall include natural persons, partnerships, associations and corporations.

"The term 'employer' as used herein shall include every person actively engaged in the production and/or wholesale distribution of products of the handbag indus-

try as herein defined."
(Exhibit A - Part 2)

In the August 18, 1933 draft it remained as stated in August 11 form, but in the November 6, 1933 form it read: -

"The term 'employee' as used herein includes any person engaged in any phase of the industry, in any capacity, receiving compensation for his services, irrespective of the nature or method of payment of such compensation."

"The term 'employer' as used herein includes anyone for whose benefit or whose business such an employee is engaged."

"The term 'member of this industry' includes anyone engaged in the industry, either as an employer or on his own behalf."
(Exhibit A - Part 4)

In the revision of November 24, 1933 it read:-

"The term 'employee' as used herein includes any person engaged in any phase of the industry, in any capacity, receiving compensation for his services, irrespective of the nature or method of payment of such compensation."

"The term 'Employer' as used herein includes anyone for whose benefit or in whose business such an employee is engaged."

"The term 'member of the industry' includes anyone engaged in the industry, either as an employer or on his own behalf and either as manufacturer, manufacturing jobber or contractor."
(Exhibit A - Part V)

In the December 8, 1933, December 12, 1933 and December 21, 1933 revisions (see Exhibit A, parts 6-7-8) and in the approved Code, Article II, Section 4, it remains as above and quoted below:-

"The term 'member of the industry' as used herein includes anyone engaged in the industry, either as an employer or on his own behalf and either as manufacturer, manufacturing jobber, or contractor."

Note: The definition of industry member includes in addition to manufacturer - "manufacturing jobber or contractor." The manufacturing jobber is one who generally uses a contractor to make goods for him and to whom he supplies all or part of the materials used in the making of bags.

Contractors were of the usual type who did various operations on bags, and are such as may be found in all garment industries. Some of these contractors, however, made complete bags and some re-let portions of this work out to homeworkers. These contractors were subject to the provisions of the Code, but were not assessed for the expense of administering the Code.

(See classified list of Industry Exhibit B - part 3)

1. Classes of Members

There is to be found in Exhibit B, Parts 1
1 and 2 a classified list of manufacturers showing the kind and character of goods manufactured.

C. Statistics of the Industry

Prior to the adoption of their Code this Industry had never attempted to gather factual data, and in fact had seemingly no idea of the value of such. Under a code and because of an appreciation by Code Directors of the value of such material there began the collection of data that at the close promised to be of great service. Progress was naturally slow because of industry's inertia, due to their lack of understanding, and it is also to be believed, to a fear of disclosing and facing facts.

Department of Commerce figures bulletined by Code Authority Vol. II of Bulletins issued No. Four, under date of December 21, 1934 shows: -

	1933	1931	1929
No. of establishments	218	260	290
Cost of materials, fuel etc.	$15,298,920.00	$22,600,817.00	$35,351,605.00
Value of products	28,299,004.00	43,147,053.00	68,627,315.00
Value added by manufacture	13,000,084.00	20,546,236.00	33,275,910.00

(Indicating a sharp decline from 1929 to 1933)
See Exhibit C.

Comparative Costs of Labor between New York area and outside New York area. Compiled in Spring 1935 by the Code Directorate.

	NEW YORK AREA	OUTSIDE NEW YORK AREA
Bags to retail at 50¢ (imitation leather)	$15.00 to $18.00 gross	$ 9.00 to $12.00 gross
Bags to retail at $1.00 (imitation leather)	$30.00 to $36.00 gross	$18.00 to $24.00 gross
Bags to retail at $1.95	$51.00 to $57.00 gross	$33.00 to $39.00 gross
Bags to retail at $2.95	$72.00 to $84.00 gross	$45.00 to $51.00 gross
Bags to retail at $4.95	$96.00 to 120.00 gross	$60.00 to $72.00 gross

These figures are based on the present labor rates now being paid in the industry. Any changes in rates because of the semi-skilled definition or increase in wages due to a Union agreement, may alter the conditions.

The National Authority for the Ladies Handbag Industry successors to the Code Authority under date of September 1935 gave me the following: -

*(a)	Units Engaged	379
*(b)	Contractors	146
(c)	Workers engaged (est)	15,000
(d)	Capital (est)	$10,000,000.00
(e)	Total volume (est)	$40,000,000.00

and remark that five years ago fifteen units each did in excess of $1,000,000.00 annually whereas in 1935 but one will reach that figure.

In answer to an inquiry to the National Authority dated September 12, 1935, we are given the following: Figured on dollar value it is believed that

50% of bags are made of Leather
50% of bags are made of Cloth
(Imitation Leather)

Figured on units engaged

30% manufacture Leather
70% manufacture Cloth (imitation leather)

(See Exhibit D)

Research and Planning files disclose in a report prepared by James P. Davis, February 8, 1934: -

Source:	Bureau of Census	1923 - 1931	
	Report from Industry	1932 - 1933	
		1929	1931 and 1932
	Annual volume approx.	$67,000,000	$35,000,000

EMPLOYMENT

	Wage Earners	Value of Products (Thousands)
1921	2715	$13,085
1923	5518	32,732
1925	6836	43,105
1927	8570	57,435
1929	10430	68,828
1931	8747	43,147
1932	12000	35,000
1933	13000	35,000

NOTE: - Above 7% should be deducted to cover production of Men's pocketbooks and bill folds. (These are not included under this code.)
(See Exhibit E, pages 1 and 2)

Code Authority Report, March 1935, shows: -

* Number of establishments	500
* " to be assessed	325
Annual sales for 1934 & 1935	$35,000,000
Amount of sales upon which assessments have been collected	$26,093,664
Volume of Sales upon which assessments will be collected, approx.	$ 7,000,000
Number of employees as of December 31, 1934	15,000
Total payroll of industry	$ 9,000,000.00

Geographical Distribution of Manufacturers:

Eastern	$23,873,650.00	91.50
Southern	601,481.00	2.30
Midwestern	1,392,490.00	5.33
Pacific Coast	226,043.00	0.87
	$26,093,664.00	100.00

Areas Defined

Eastern: New York; Massachusetts; Connecticut; Rhode Island; New Jersey; Pennsylvania:

Southern: Maryland; Virginia; Florida; and Texas:

Midwest: Illinois; Wisconsin; Missouri; and Ohio:

Pacific: Washington and California.

(See Exhibit F, page 1. Budget)

NOTE: - * The seeming disparity is to be explained in one case by giving a total without breakdown, in the other by separating manufacturing units from contractor units.

Files of Labor Advisory Board found in General Files:

POCKETBOOKS, PURSES, CARD CASES (Primarily Leather)

(U.S. CENSUS FIGURES)

HOURS

Pocketbooks - purses - card cases - 1929

No. of Est.	Wage Earners Ave. for year	40 hrs. & under	Over 40 Under 45	45-48 hrs. Inclusive	Over 48 but not over 54
290	10,430	(7) 180	(176) 6,248	(53) 2,185	(32) 1,755

CONDITION OF INDUSTRY

	No. Estab.	Wage Earn.	Wages	Cost of Mat.	Value	Added Value
1931	253	8,545	10,086,605	21,917,931	41,926,190	20,008,259
1929	290	10,430	15,229,422	35,351,605	68,627,515	33,275,910
1927	257	8,570	13,169,509	29,613,524	57,344,655	27,726,131
1925	207	5,518	7,291,112	16,235,882	32,731,725	16,495,843

DISTRIBUTION 1929

New York	192 Est.	6,101 workers	10,952,801 wages	47,631,431	value
Pennsylvania	17 "	1,040 "	957,711 "	4,306,827	"
Massachusetts	17 "	696 "	709,779 "	3,540,411	"
New Jersey	8 "	800 "	962,623 "	3,636,966	"

Then Ohio, Illinois, Missouri, California, Wisconsin, and small amounts in other states.

AVERAGE ANNUAL WAGE

U. S. 1931 - $1,180

1929 - 1,460

1927 - 1,536

Wages of certain women on various operations in a Springfield, Mass. factory:

Sept. 1925				Sept. 1928		
Hours	Earnings	Hourly Rate		Hours	Earnings	Hourly Rate
172¼	64.60	37½	Change	156	91.43	58½
169¾	61.26	36	in	169	72.42	43
178	49.85	28	1926	170½	58.03	34
165⅓	57.36	34⅔	from	163	80.48	49½
104¼	37.19	35⅔	day work	138¼	66.40	48
183½	76.05	41	to	174¼	85.34	49
			piece work			

Women's Bureau

Proportion of N. Y. State production to total production

1929

Total U.S.	$68,627,515	-	value of products
N. Y. State	47,631,431	-	" " "

66.21% of the total number of establishments
58.49% of the total number of wage earners

Of 192 plants in N. Y. State, 167 are in New York County
9 are in Kings County
5 are in Queens County

Of 17 plants in Penna., 13 are in Philadelphia.

Picture of Hand Bag Industry

As given of July 1, 1934 compiled by Code Directors: (See General files)

In 1904	-	The entire nation did $6,500,000 worth of business
In 1929	-	" " " " $67,000,000 in leather bags 1,000,000 in evening and fabric bags 4,000,000 in bags to retail for $1.00
As of July 1st 1934		The volume of business was $40,000,000., out of which $23,000,000. covered bags to retail from 20¢ up to $1.00, and the balance for bags from $1.95 up to $25.00 each.

35% of the Nation's retail business in handbags is done between Thanksgiving Day and December 24th.

Bags at $2.95 and up are made by hand in New York City.

Bags from 20¢ to $1.00 are made by the new and modern machinery in the out-of-town factories.

PRODUCTION IN UNITS

In 1929	We produced 25,000,000 units
In 1934 as of July 1st	We produced 70,000,000 units from 20¢ up to $1.00, and 4,500,000 " " $2.95 and up

Code Authority Monthly Reports

(See Exhibit F) Wage Reports - Sales Volume - Unit Volume - Classification of workers engaged.

HISTORY OF CODE FORMULATION

Sponsoring Organizations
Officers, Code Committees
First Draft to Public Hearing
Public Hearings
Approval

I. REFERENCES WERE MADE TO:

1. Commercial Agencies - no available material.
2. Department of Commerce census of manufacturers - no segregated material.
3. Department of Commerce census of distribution - no segregated material.
4. Research and Planning bulletins and records.
5. Code Authority files.
6. Code Authority Bulletins (Exhibit C)
7. Administration members' file.
8. National Authority of the Ladies Handbag Industry, 347 Fifth Avenue, New York. (Successors to Code Authority.)
9. General Files.
10. Monthly Reports Code Authority (Exhibit F.)

II. HISTORY OF CODE FORMULATION

A. SPONSORING ORGANIZATIONS

1. Statement re true representation, age and objectives. Code Meetings, etc.

1. While the first Code, Exhibit A, part 1 and 2, with its covering letter of transmittal was presented by the Associated Handbag Industries of America, Ind., New York City, August 28th, 1933, it was not the document entered for the first and only public hearing December 8, 1933.

Many conferences were held by industry groups themselves, and with Deputies, both in New York and Washington, before revisions were agreed upon and the instrument put into satisfactory shape for that hearing.

The revised document was finally sponsored by:

Associated Handbag Industries of America, Inc., New York
Midwest Handbag and Small Leather Wares Association Inc., Chicago.
Industrial Council of the Ladies Handbag Industry, New York.

Claiming to represent in their combined membership 75% of the industry's volume. (See transcript of Hearing December 8, 1933).

It was mainly through the efforts of Mr. A. Hittenthal, Chairman and Vice President and Mr. M. Mosesson, Executive Secretary of the first named Association that the Code was put into usable shape for the public hearing and that the sponsoring Associations came together to jointly appear before the Administration.

The objects of the first sponsoring organization that presented the first code are set forth in the paragraph below:

"The object of this Association shall be to secure and provide cooperative and united effort in all matters relating to the progress, development, welfare or improvement of conditions in the Handbag Industry and industries correlated and contributing to and affecting the welfare and progress of the Handbag Industry in all its branches, to foster the trade and commercial interests of its members; to secure freedom from unjust and unlawful exactions; to inculcate and maintain just and equitable principles; to eliminate unfair or improper practices; to establish and maintain uniformity and equity in the customs and commercial usages in the Industry; to acquire, preserve, collect, and disseminate business information deemed useful, advantageous or valuable to its members regarding the handbag Industry; to reform, correct and prevent any abuse and adjust commercial controversies, misunderstandings or grievances between members or between its members and the trade; to enforce its said objects and purposes among its members by such disciplinary and other measures as may be agreed upon by them and as may be provided by its by-laws; and in general to do all matters tending to the improvement of the Handbag Industry in all its commercial aspects."
(See paragraph 3, page 1, letter of transmittal Exhibit A, part 1.)

This organization came into being before the Code era. (see page 19, this history).

While there is no documentary evidence of what transpired at the various meetings and conferences, members of industry, preferring, I am told, not to have written records of their many bitter fights, the writer is fully aware of the conditions that existed long prior to the enactment of the N.I.R.A. and of those that obtained during the ensuing months.

The arguments presented were based upon the labor situation obtaining in 1933, a situation caused by the migration of industry from its first and principal home base New York City and other contributing factors upon which I will touch later. (Page 16, this history)

The shifting of industry from the Metropolitan City started about 1928 and 1929 and was caused, it is claimed and I believe cannot be disputed, by the heavy handed tactics of the labor leadership then in power.

As more and more manufacturers located their plants in cities and towns outside the Metropolitan area, taking advantage of the cheap labor there to be found, naturally those remaining in New York and under Union agreements found competition, which was largely based upon labor costs, almost un-meetable. It was not however until we were well into the depression years, with a consistent lowering of price floors that real bitterness came into existence.

The N.I.R.A. having been written and passed, many New York City manufacturers believed they saw an opportunity to even up conditions if they

were allowed to write into a code for their industry, labor classifications, wage scales and hours that would make more difficult the path of the out-of-town manufacturers.

To give a clear cut picture of the conditions that led to the then existing situation, I quote from a document filed on or about September 13, 1935 with the Administration (Dr. Marshall Review Division) and prepated by the former Code Director Mr. A. Rittenthal. (Exhibit G)

"Up until the year 1929, more than 85% of the industry was located within the Metropolitan area of New York. The industry located in New York has been in contractual relations with the Union for almost twenty years. In the year 1928, the first manufacturer moved away from the unionized centre of Metropolitan New York, and began manufacturing in Allentown, Pennsylvania, under non-union conditions. At this time the Union minimum wages filed by agreement with the manufacturers in New York were $45.00 a week for skilled workers. Admission of workers to the skilled branches were controlled by the Union, so that in some of those branches of the industry workers earned on a piece work basis from $100.00 to $200.00 in a 44 hour week. Those manufacturers who moved from New York were unable to obtain skilled workers in their respective localities. They were compelled to employ workers without any previous experience in the industry. Machinery heretofore little used in industry was invented to take the place of many of the operations performed by skilled workers in the New York factories. Workers in these new localities were paid $6.00 or $7.00 per week, and they worked from 48 to 54 hours a week."

"With the tremendous difference in labor costs, those manufacturing outside of New York, were able to give greater values or sell for less, with the result that the manufacturers operating in New York under Union conditions were forced to meet this competition by sacrificing their profits. The success of the few who moved away, offered the incentive for others to follow. In the year 1935, only about 50% of the industry still remained in the Metropolitan area of New York. Those who moved or opened new factories located in the eastern states, a few in the Chicago area, and a few small units were scattered throughout the country, chiefly on the Pacific Coast. The Union was unable to establish Union conditions in these factories outside of New York." (Some out of town factories were and are unionized but under different conditions than those of New York City).

"The factories remaining in New York were chiefly those making the high grade handbags which required the most skillful workers."

"At the time the Code was being drafted, the industry was about equally divided between those manufacturers having contractual relations with the Union located in New York, and those without Union conditions all of whom were located outside of New York. Factories in New York were paying first class workers (by Union Agreement) $35.75 a week, and second class workers $32.00 a week. General help about $18.00 a week for a 44 hour week. Factories outside of New York were paying their best workers about $20.00 to $22.00 a week and general help from $6.00 to $8.00 a week for a 48 to 54 hour week."

"Bitter struggle resulted because of the efforts of the Unionized factories to establish in the Code a classification of the workers according to their skill and the operations performed at wage scales approximating those that were being paid in Union factories. Those manufacturers not unionized, fought to prevent the clasification of the workers and the establishing of wage scales in the Code above the minimum of $14.00, claiming that their workers were not skilled, that the system of work employed in their factories, known as the "section system" (not permitted in a Union Factory) did not require any skill; that new machinery and new methods revolutionized the manufacturing of ladies handbags, particularly in factories making low price bags of cloth, (imitation leather) to retail at one dollar or less. At this time 80% of the manufacturers making these cheap bags were located outside of Metropolitan New York."

"At the time the Code for the industry was adopted, the wage scales in the industry resembled somewhat a toboggan slide, going from $35.75 a week (the minimum demanded by the Union for skilled workers) down to $6.00 a week paid in same outside factories."

Meetings were so frequent, discussion prolonged and acrimonious, almost to the point of blows, that one wonders how those taking part found time to attend to their production and selling operations.

Through the refusal of the Administration to write into the Code the asked for classification or wage scales above the minimum, labor clauses were at last ironed out, but only to a degree, for there was inserted a provision, Article IV, Section 2, for "semi skilled", and a wage set for them. This was stayed in the President's order of approval and became the subject matter of a later hearing, proving to be a constant thorn in every one's side.

Having arrived at some semblance of peace, dissensions broke out anew over the set up of the Code Authority, the method of selection, and the division of membership, as between out of town and New York. This was finally settled, although not to every one's satisfaction, and the Code Authority was finally set up as provided.

Of the sponsoring organizations, two placed no restrictions upon membership and dues were not large. These two were the Associated Handbag Industries of America, Inc., New York, and the Midwest Handbag and Small Leather Wares Association, Inc., Chicago. The membership of the third group, the Industrial Council of the Ladies Handbag Industry, New York was confined to manufacturers having contractual relations with the Union. Particulars of these three groups will be found in the succeeding paragraphs.

2. Officers - Code Committees, Interested Groups

The officers of the various Industry groups who sponsored the Code were: -

Associated Handbag Industries of America, Inc., New York, N.Y.
(Succeeding the Leather Goods Association.)

Julius Michel	President	Maksik & Feldmen, Inc., N.Y.
A. Mittenthal	Chairman & V. Pres.	Blum & Mittenthal, N. Y.
Samuel Goldsmith	Treasurer	Goldsmith Bros., N. Y.
Morris Immerman	Secretary	Dagcraft Mfg., Inc.
Maurice S. Hosesson	Exec. Secretary	Assoc. Handbag Industry of America, Inc.

Incorporated June 14th, 1932 under the laws of the State of New York.

Has membership of 100 concerns throughout the United States.

Midwest Handbag and Small Leather Wares Association, Chicago, Ill.

President	Harry Morris	Morris Mann & Reilly Inc., Chicago, Ill.
1st Vice Pres.	Wm. A. Tanner	Royal Leather Goods Co., St. Louis, Mo.
2nd Vice Pres.	Samuel Malow	Crystal Leather Goods Co., Chicago, Ill.
Treasurer	Ben. D. Levine	Mirro Leather Goods Co., Chicago, Ill.
Secretary	Edw. M. Luce	320 W. Adams St., Chicago, Ill.

Approximate Membership 15.

Industrial Council of the Leather Goods Manufacturers Inc., New York, N.Y.

President	Michael Bienen	Bienen Davis Inc., New York
Vice Pres.	Samuel A. J. Rosenthal	Rout Rosenthal Co., New York
Sec. & Treas.	Milton J. Lefcort	

Approximate Membership 50.

One other important Trade Association came into being during the first days of code writing. This was known as the National Association of Ladies Handbag Manufacturers (first known as Popular Priced Handbag Manufacturers Association).

I quote the following letter to emphasize the position taken by this association, through its counsel, and to illustrate the feeling existing between the contending groups.

SCHLESINGER & KRINSKY
COUNSELLORS AT LAW

270 Broadway
New York City

September 22, 1933

James C. Worthy, Esq.,
Assistant Deputy Administrator, N. R. A.
Department of Commerce Building
Washington, D. C.

Dear Sir: Re: Ladies Hand Bag Industry Code.

In this connection may we be permitted to advise you that we represent

the National Association of Ladies Handbag Manufacturers (formerly Popular Priced Handbag Manufacturers Association name changed September 11, 1933) which has a present membership of forty among which are included practically all of the largest manufacturers in the industry. The membership of this Association will be considerably augmented by the affiliation therewith of the Midwest Hand Bag & Small Leather Wares Association, having a membership of twenty-two and to approve such affiliation a special meeting of the Midwest Hand Bag & Small Leather Wares Association has been called for September 23rd, 1933, at Chicago and relative thereto the Secretary thereof under date of September 20, 1933, writes us -

> "I believe after that meeting, in fact I am almost sure, we can send you our formal acceptance of your propositions and have you enroll as a subsidiary."

The present membership of the National Association of Ladies Handbag Manufacturers (exclusive of the Midwest Hand Bag & Small Leather Wares Association) is representative of the entire industry, controls a majority of production and employs a large majority of the employees engaged in the industry. Many of the members of this Association were formerly members of the Associated Handbag Industries of America, Inc., the "submitting association," and recently found it necessary to sever their relations therewith, because the interests of and the problems affecting the members of the Association we represent and those in control of the "submitting association" are conflicting if not diametrically opposed to each other.

The purpose of this letter is to advise you, as we are informed, that the "submitting association" is not representative of the industry and that it is not authorized to speak or act for the members of the Association we represent and to respectfully suggest that, in light of the information herein contained, it might be advisable to have its representative participate in the preliminary hearing on September 28th.

Very truly yours,

SCHLESINGER & KRINSKY

By (Signed) I. E. Schlesinger

IES:IG
Encs.

The officers of the National Association of Ladies Handbag Manufacturers were: -

President	Ira Rosenzweig	
Vice Pres.	Morris Aarenau	Aarenau and Wolf Inc., Fall River, Mass.
Treasurer	Henry Meyers	Meyers Mfg. Co., Norwalk, Connecticut.
Secretary	Ethel Nagel	

Approximate Membership 40.

9811

This Association took exception to the Code as presented and remained in opposition long after approval.

The Midwestern Group and the small local Massachusetts Group (Haverhill Ladies Handbag Association) were not active participants in these fights, in fact were Trade Associations hardly more than in name, only coming into being about this time. Of the last named Association, we have no record beyond mention here and there at the hearing and no particulars are at present available.

The following were the Committees formed: -

For Associated Handbag Industries of America, Inc.

A. Mittenthal, Chairman
M. R. Bienner
H. Schoenfield
M. Immerman
M. S. Rosesson
N. Greenbaum
S. Mutterperl
M. Magid
S. R. Goldsmith
C. Moss

For Industrial Council of Leather Goods Manufacturing, Inc.

I. Schwenholz
M. Lefcort
M. Weinman
J. Michel

For Midwest Handbag and Small Leather Wares Association, Inc.

Samuel Malow
Edw. M. Luce

For National Association of Imitation and Leather Novelties

(There is confusion in records as to correct name of this Association, sometimes it is referred to as here given, sometimes as National Association of Hand Bag Manufacturers.)

Hyman Burstein
Irving Meyers
Murray Resnick

Samuel R. Goldsmith
Isidor E. Schlesinger
Sol Mutterperl

For Haverhill Beaded Bag Association

Crest Scannitiles

B. FROM SUBMISSION OF FIRST DRAFT CODE TO PUBLIC HEARING

1. Brief Summary of Conferences and Negotiations

Constant reference is found in the general files, Volume A and the transcript of the first hearing as to conferences, proposed and held, both in the several months proceeding, and following the first hearing, but no record of these are to be found in the files. Neither is there any record of the many conferences held by industry for I am told that because of the bitterness of the fighting it was not deemed politic to keep such.

In the light of my own knowledge it is however not difficult to piece together the happenings of that time and to at least form an idea of the principal points at issue.

It was maintained by the major dissenting group (National Association of Ladies Handbag Manufacturers) that the sponsors of the first code draft submitted were not representative, therefore it followed their views were not as sound and constructive as they should and might have been. This it was felt, was particularly the case with respect to classification of workers, which New York wanted, and representation on, and method of selection of the Code Authority.

Naturally National's conclusions (see brief incorporated in transcript of Public Hearing, pages 258 to 263 inclusive) led to frequent conferences, correspondence and telegrams, which last are to be found in the general files. In addition, Col. Lea's files, Volume A, show that meetings and correspondence were held with officials of the National Retail Dry Goods Association with respect to the discount and term provisions proposed by industry. A glance over the many communications received gives an idea of who's who in the Department Store field, and definitely expresses unalterable opposition to any changes in terms over those in existence for some years.

Here as in other industries it was a case of New York vs. the rest of the country, coupled with a particularly bad labor situation intensified by the migration movement.

Both labor and manufacturers were in the pre-depression days suffering from too much financial fat, inability to think clearly, and refusal to consider and find the sensible approach to their problems. Labor, as represented by Union Officials then in power, refused to discipline their own people so that rank and file ran riot. In this connection it is interesting to note that, as is often the case it was a small thing that led to the first New York manufacturer leaving the Metropolitan area. This manufacturer complained to Union officials that one of his workmen had spat in his face and called him unprintable names. The manufacturer naturally expected the offending workman would be disciplined. Failing to get redress from the Union he came to the conclusion that he could no longer live in harmony with the Union and decided to find factory accomodations outside the city limits, moving to Pennsylvania. Little by little industry left New York City, and the depression setting in in full force the situation became dangerously acute.

In the period immediately proceeding the Code, mass production came in and the average price for Handbags had fallen from $2.50 and $3.00 to $1.00 or less. During that time, having reached the bottom of competition based upon labor, industry began to add to their products, gadgets of one sort or another, a character of bag accessories heretofore found only in the higher price ranges. Exhausting the range of gadgets in the domestic markets, there began a combing of foreign markets so that at the beginning of the Code era, industry was in desperate straits, for obviously there must be an end to such a competitive race.

Pre-code Conferences quickly developed that New York manufacturers saw in the Code, an opportunity to at least partially even up with out of town industry by writing into the instrument, provisions for classification, etc. In conferences with the Administration it developed that although classification had been allowed in certain industries it had been declared as contrary to policy. (Exhibit J.)

During this period labor itself was not idle and it too was insistent upon classification and at the public hearing of December 8, 1933 presented a comprehensive brief covering this. (See pages 50 to 99 transcript Public Hearing of that date.) Naturally these arguments were resented by manufacturers outside of the New York area, hence the fights. Summed up, the main points at issue were 30 hours against 40, classification vs. non-classification, discounts and representation. Agreements were not reached and the proposed code went to public hearing and disputed points not even then settled.

C. PUBLIC HEARINGS ON CODE

1. Dates: major personnel: results

The only public hearing held took place on December 8th, 1933 at the Carlton Hotel, Washington, D. C. It was presided over by Dr. Earl Dean Howard, Deputy Administrator, who had as advisors:-

Mr. Max Berkowitz, Industrial Advisory Board
Miss Rose Schneiderman & W. E. Bryann, Labor Advisory Board
Mr. Fred Huhlein, Consumers Advisory Board
Mr. J. P. Davis, Division of Research and Planning
Mr. G. H. Barrenboim, Legal Division

and the principal witnesses heard were:-

Mr. A. Mittenthal, Associated Handbag Industries of America
Mr. I. Schoenholz, Industrial Council of Leather Goods Manufacturers
Mr. E. M. Luce, Secretary, Midwestern Handbag and Small Leather Wares Association
Mr. Isadore E. Schlesinger of Schlesinger and Krinsky, 270 Broadway, New York, Counsel for and representing National Association of Imitation and Leather Novelties.
Mr. C. A. Newton, representing Meeker & Co., Joplin, Mo.
Mr. Irving C. Fox and Mr. Samuel W. Reyburn representing the National Retail Dry Goods Association
Mr. Lewis Waldman, Counsel for and representing the International Pocketbook Workers Union Affiliated with A. F. of L.
Mr. Maurice Magid, Associated Handbag Industries of America
Mr. M. R. Bienen, Industrial Council of Leather Goods Manufacturers.

Mr. Mittenthal of Associated Handbag Industries of America, the first witness heard stated that his association together with the two affiliated organizations, Industrial Council and Midwestern represented about 75% of the entire industry.

This figure was disputed however by Mr. Schlesinger, appearing for National Association of Imitation and Leather Novelties, basing his figures on the Census report of 1931. Later he incorporated in the record a brief covering this. (Pages 238 to 263 transcript Public Hearing December 8, 1933).

The other witnesses were heard in about the order given and as the hearing progressed it became clear that the sharp division evidenced in pre-code conferences still existed among the manufacturers themselves, between manufacturers and labor respecting basic wages, classification homework and hours, further that industry as represented from the Eastern States fell into two camps and that in their various meetings had not been able to find a common ground, and still further that the only major proposal upon which there was a meeting of minds, insofar as manufacturers were concerned, was that of the terms under which industry desired to sell goods.

As stated in the foregoing chapter, labor wanted 30 hours specified, as against 40 hours proposed by and agreed to by manufacturers (see paragraph 2 page 55 transcript of public hearing, December 8, 1933). The argument presented by labor was that only by so doing could the unemployed workers be absorbed. Manufacturers on the other hand pointed out that the out of town manufacturers at least, accustomed to working 48 to 54 hours could not meet such a demand and live and were making quite a sacrifice as it was. Labor also insisted that home work be abolished. The principal group using Homeworkers, Beaded Bag Manufacturers, insisted that they could not operate without such workers. Labor insisted they must have classification. Out of town industry refused to consider this and it was later ruled out by the Administration as contrary to policy laid down by the Policy Board. (Exhibit J.)

Manufacturers particularly those of the East were at odds among themselves over representation, since the out of town men felt that having the bulk of production they should have a majority on the new Code Authority. This was disputed by the Associated group, the principal sponsor of the code who insisted, that represented in the National's figures were a number of Associated members. Neither could agree upon this point. (See brief, pages 238 to 254 Transcript Public Hearing).

There was also voiced by Mr. Newton, representing Meeker Co., Joplin, Mo., an objection to the proposal covering learners or apprentices, and pointing out their need for a differential. (Page 27, Transcript Public Hearing, December 18, 1933)

It was also brought sharply out that the retail world as represented by Messrs. Fox and Reyburn were opposed to any change in terms. These gentlemen gave the Administration to understand that the discounts at present in use had always obtained, should be retained, and the new terms would mean advanced prices to the consumer. On the other hand industry insisted that the present terms were of but recent origin, that depression had been largely responsible for them, and that for many years prior, terms had been substantially as proposed in the code.

(See Exhibit H, which although proposed long after, states the "Selling Terms" case from the viewpoint of industry also Transcript of Hearing, pages 134-162.)

The other trade practice provisions were discussed but no serious irreconcilable differences developed.

The hearing closing at 5:35 p. m. settled none of the major problems presented, all being referred to conferences.

D. FROM PUBLIC HEARING TO APPROVAL

Eight days after the hearing, the following letter indicated that final drafting was to be plain sailing, for while it was admitted there were still one or two important matters in controversy, Mr. Mittenthal expressed the belief that all were pretty much in agreement. It is unfortunate the modifications referred to in this letter cannot be found in the files, but the Administration's then proposed "set up" for the Code Authority is to be found on page 6, part 7, Exhibit A.

New York, N. Y.
December 16, 1933.

Mr. James Worthy, Deputy Administrator,
National Recovery Administration,
Commerce Building,
Washington, D. C.

Dear Mr. Worthy: -

After a number of conferences had with the National Association of Leather Handbag Manufacturers, and other interested parties in our code, I find that we are agreed upon practically everything in the code as it was rewritten in your draft of December 12, with these few exceptions.

We all urgently request modifications of the following articles, in order that they may be clarified and prevent the unscrupulous manufacturer from evading the fair trade practice rules. In most articles the addition or ommission of even a single word may make the entire trade practice rules innocuous, and by requesting these slight modifications, we are seeking to protect the interests of all the manufacturers against the chislers.

I am enclosing a copy of these suggested modifications with a few comments setting forth the reasons for these. Of course, there is a great deal more than I could add to prove the necessity for these changes.

There still remains the two main controversial matters that cannot be entirely agreed upon, namely the Code Authority, and the classification of basic rates.

I still feel that the Code Authority as suggested by the administration is fair to all parties concerned. It is true that the Associated Handbag Industries of America feels that it should have been accorded more representation, however, they will accept the Code Authority as set up in your draft of December 12 as fair and equitable, and I see no reason why the National Association of Leather Handbag Manufacturers, should not do the same.

The Industrial Council still clings to the hope that classification of basic rates can be included in the Code, particularly since the Millinery Code has just come out with such classifications. However, I believe that if you will again assure them that it cannot be done, they will accept this as final.

I have learned that the National Association of Leather Handbag Manufacturers, has objected very strenuously to the interpretation of the Metropolitan Area, and that they are requesting a change from thirty-five miles to fifteen miles from Columbus Circle.

I think this could be accorded them without any serious objection on the part of the other groups.

With the modifications granted and the controversial matters compromised, there is nothing really left in dispute and there is nothing further in the way of the Code being approved.

Very truly yours,

A. Mittenthal:AHJ

Unfortunately those hopes were not altogether well founded for on December 28th, 1933 a telegram was sent to Mr. A. Mittenthal calling for a conference with the Division Administrator on the matter of selling terms and still later other wires sent calling for other conferences. See following.

COMMERCE

JCW:G INDUSTRIAL RECOVERY
4320

DECEMBER 28, 1933

MR. MITTENTHAL
ASSOCIATED HANDBAG INDUSTRIES OF AMERICA INC
303 FIFTH AVENUE
NEW YORK CITY

IF CONVENIENT TO YOU WILL ARRANGE APPOINTMENT WITH WHITESIDE FOR TUESDAY NEXT WEEK RE HANDBAG DISCOUNTS HAVE SMALL DELEGATION ONLY INCLUDING YOURSELF BURKOWITZ AND PERHAPS ONE OTHER PERSON SEASONS GREETINGS

JAMES C WORTHY
ASSISTANT DEPUTY ADMINISTRATOR
DIVISION FOUR

WESTERN UNION

1933 DEC 29 PM 9 59

NA 1284 21 NL = NEW YORK NY 29

DR EARL DEAN HOWARD =
DEPUTY ADMINISTRATOR NATIONAL RECOVERY
ADMINISTRATION COMMERCE BLDG WASH DC

WILL BE IN WASHINGTON WEDNESDAY FOR APPOINTMENT WITH ADMINISTRATOR WHITESIDE PLEASE TELEGRAPH HOUR OF APPOINTMENT BERKOWITZ SCHLESING AND NOSESSON WILL ATTEND =

A MITTENTHAL

COMMERCE

JCW:G INDUSTRIAL RECOVERY
4320

CONFIRMATION SHEET

THE NATIONAL RECOVERY ADMINISTRATION, COMMERCE BUILDING, SENT YOU A TELEGRAM THIS DATE, OF WHICH THE FOLLOWING IS A CORRECT COPY:

JANUARY 10, 1934

IRA ROSENZWEIG PRESIDENT
NATIONAL ASSN LADIES HANDBAG MFRS
1182 BROADWAY
NEW YORK CITY

CONFERENCE ON HANDBAG CODE CALLED TEN AM FRIDAY ROOM FORTYTHREE TWENTY DEPARTMENT COMMERCE EXPECT TO MAKE FINAL DECISIONS REGARDING CONTENTS OF CODE IMPORTANT THAT YOU BE PRESENT WIRE REPLY

JAMES C WORTHY
ASSISTANT DEPUTY ADMINISTRATOR

SAME AS ABOVE TO:

Julius Michel, 501 7th Ave., N.Y.C.
Michel R. Bienen, 307 Fifth Ave., N.Y.C.
Irving Schoenholz, 56 West 35th St., N.Y.C.
Abraham Mittenthal, 1115 Broadway, N.Y.C.
Morris Immerman, 30 East 33rd St., N.Y.C.
H. Burstein, 325 Fifth Ave., N.Y.C.
S. R. Goldsmith, 38 West 32nd St., N.Y.C.

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L. S. Wettels, 303 Fifth Ave., N.Y.C.
Milton Lefcort, 130 West 31st St., N.Y.C.
Maurice Aarenau, 14 West 32nd St., N.Y.C.
H. Margolin & Co., 1237 Broadway, N.Y.C.
Sol Nutterperl, 330 Fifth Ave., N.Y.C.
George Meyers, 1133 Broadway, N.Y.C.
I. Schlesinger, 270 Broadway, N.Y.C.
E. M. Luce, 320 West Adams St., Chicago, Ill.

It will be seen that with the exception of the first there is not any indication as to the particular phases of the code that were to be discussed.

Following these conferences it became known that a finished document had been prepared and, was awaiting signature for immediately there came in a flood of protests, I quote a few only, taken from the files, for all are pretty much of the same tenor - opposition to representation, terms discounts and wages.

POSTAL TELEGRAPH

N.A 714 384 NL 5 Extra 1934 Feb 9 PM 7 42

RK NEW YORK NY 9

COLONEL ROBERT LEA

DEPUTY ADMINISTRATOR OF INDUSTRY DEPT OF COMM BLDG WASH DC

RE CODE COVERING LADIES HANDBAG INDUSTRY THIS WIRE TO CONFIRM TELEPHONIC CONVERSATION OF TODAY STOP WE REPRESENT THE NATIONAL ASSOCIATION OF LADIES HANDBAG MANUFACTURERS STOP PAPERS ON FILE WILL INDICATE MEMBERSHIP ETC OF THIS ASSOCIATION STOP WE UNDERSTAND CODE HAS BEEN DRAFTED BY DEPUTY AND ADVISORS AND IS ABOUT TO BE SUBMITTED TO YOU FOR APPROVAL STOP SINCE SUBMISSION OF CODE TO COVER THIS INDUSTRY THIS ASSOCIATION HAS CONTENDED AND STILL CONTENDS THAT THE SPONSORS OF THE CODE ARE NOT TRULY REPRESENTATIVE OF INDUSTRY STOP THE MEMBERS OF THIS ASSOCIATION REPRESENT NOT LESS THAN HALF THE VOLUME OF BUSINESS DONE BY THE ENTIRE INDUSTRY AND EMPLOY CONSIDERABLY MORE THAN HALF OF ALL WORKERS ENGAGED THEREIN STOP THE ISSUE WITH RESPECT TO REPRESENTATION HAS BEEN TENDERED RIGHT ALONG AND DIRECTLY AT THE PUBLIC HEARING BUT HAS NEVER BEEN PASSED UPON AND WE BELIEVE NO ADEQUATE INVESTIGATION IN THAT DIRECTION HAS BEEN MADE STOP WE HAVE LEARNED BUT ONLY FROM THE PUBLIC PRESS THAT WITHIN THE LAST WEEK CONFERENCES HAVE BEEN HELD AT WASHINGTON RELATIVE TO THIS CODE ATTENDED ONLY BY PARTIES AND ASSOCIATIONS WHOSE INTERESTS ARE ADVERSE AND IN DIRECT CONFLICT WITH THOSE OF THE MEMBERS OF THIS ASSOCIATION STOP WE WERE NOT INVITED TO PARTICIPATE IN THESE CONFERENCES STOP THE EIGHTEEN DOLLAR OR FORTY-FIVE CENT PER HOUR MINIMUM WAGE PROVISIONS IN THE PROPOSED CODE REPRESENT THE DEMANDS OF NEW YORK MANUFACTURERS AND THE INTERNATIONAL POCKETBOOK WORKERS UNION AND WILL PROVE DESTRUCTIVE TO A LARGE NUMBER OF THIS ASSOCIATION WITH PLANTS LOCATED OUTSIDE OF THE NEW YORK CITY AREA STOP THESE WAGE PROVISIONS WERE INCORPORATED WITHOUT ANY APPROPRIATE SURVEY OR INVESTIGATION TO ASCERTAIN WHETHER OR NOT THEY ARE FAIR AND EQUITABLE TO THE OUT OF TOWN MANUFACTURERS AFFECTED THEREBY STOP THE CONTROL OF THE CODE AUTHORITY IS PLACED IN THE HANDS OF NEW YORK MANUFACTURERS AND THOSE

IN CONTRACTUAL RELATIONSHIP WITH INTERNATIONAL POCKETBOOK WORKERS UNION WHOSE INTERESTS SO FAR AS LABOR IS CONCERNED ARE IDENTICAL AND ADVERSE TO THE OUT OF TOWN MANUFACTURERS STOP WE WANT TO GO ON RECORD AS OPPOSING THE EIGHTEEN DOLLAR OR FORTY-FIVE CENT PER HOUR MINIMUM WAGE PROVISIONS CONTAINED IN THE PROPOSED CODE AND THE PROPOSED CONSTITUTION OF THE CODE AUTHORITY AND ASK FOR FURTHER HEARING WITH RESPECT TO THE MATTERS COVERED BY THIS TELEGRAM

SCHLESINGER & KRINSKY 270 BROADWAY NEW YORK CITY

DAY LETTER

February 10, 1934

Colonel Robert Lea
Deputy Administrator of Industry
Department of Commerce Building
Washington, D. C.

Re Ladies Handbag Code STOP Our wire last night was based on telegram received from James C. Worthy Deputy Administrator STOP We have just received copy of latest proposed Code STOP In the previous proposed Code prepared by the Administration the Associated Handbag Industries of America Inc was given a representation of three members on the Code Authority STOP The Industrial Council of America one and the National Association of Ladies Handbag Manufacturers three STOP Even to this apportionment we objected and now we find that without our consent without notice to us and without being heard with respect thereto the proposed Code forwarded to us allots to the Associated Handbag Industries of America five representatives and to the Industrial Council of America two and to the Association that we represent also two although the members of this Association do at least one half the volume of business of the entire industry and we employ more than one half the workers engaged STOP We again ask that all definite action with respect to this Code be postponed until the members of the National Association of Ladies Handbag Manufacturers have been afforded a further opportunity to be fully heard

SCHLESINGER & KRINSKY
Attorneys for National Association
of Ladies Handbag Manufacturers

GOLDSMITH BROTHERS

Manufacturers of Ladies' Hand Bags

38-40 West 32nd Street

New York City

February 14, 1934.

National Recovery Administration,
Colonel Robert Lea,
Deputy Administrator of Industry,
Department of Commerce Building,
Washington, D. C.

Dear Colonel Lea;

We wish to enter with you our protest against the Code of Fair Competition for the Ladies' Handbag Industry, as submitted to you in its present form, in view of the fact that the Code as written is beneficial to the certain few of the New York manufacturers.

We base our protest on the following, and which we hope and have no doubt that in view of your fairness will give it every consideration:

Statistics will confirm our contention that seventy percent of the handbags manufactured in the United States are made outside of New York, and only a small portion of handbags are made in New York City, namely, the high style and high priced bags, where a few dollars a week more to an employee does not hurt the price of the unit in any way. The manufacturers, who are in New York must have skilled help with many years experience in order to manufacture their lines. Today, out-of-town manufacturers find it very difficult to compete with New York manufacturers making the same type of merchandise, due to the increase in wages made by the out-of-town manufacturers, namely, about 60%, which is made up in the shortening of hours and the minimum scale under which the NRA permits you to operate.

We were obliged, in order to cooperate with the President's Emergency Measures, to advance our help who were receiving $8.00 and $9.00 a week to $12.00 per week, and those getting $12.00 per week and over were advanced proportionately, as also their hours of labor shortened to conform with the N. R. A. thereby adding many additional help to our payroll.

We estimate that the out-of-town manufacturers employ approximately 10,000 workers whereas the New York manufacturers employ approximately 2,000.

The out-of-town manufacturers must continually each new help the art of making bags, thereby incurring tremendous expense to the manufacturer, and the New York manufacturers, according to the code submitted to you, ask you to have us pay the same amount to our employees, who, as stated above, must be taught the business from the beginning as against the New York Manufacturers' employees who have a number of years of experience, as the Union membership in New York has been closed many years for learners.

We are employing in our plant approximately five hundred people. Would it be, and would we be justified in shutting down our plant and the five hundred families supported thereby become public charges in order to satisfy a very small percentage of the industry?

If the code is adopted in its present form, we will have no other alternative than to move our plant back to New York, which we might mention (is the sole object of the New York Union) thereby ruining the thousands of families dependent upon the out-of-town handbag manufacturers.

To the cost of the out-of-town manufacturers' labor must be added the tremendous expense involved in breaking in new help. The tremendous expense involved in the continual travel of their Designing Staffs to the New York market. Trucking expenses add materially to the cost of our manufacturing (and at the same time give employment to hundreds of people. Our office personnel is double that of our New York manufacturers due to the many details necessary for out-of-town manufacturers and which also adds hundreds of people to our payroll. And, the many other incidental items which add agreatly to the cost of manufacturing out of the New York market.

In conclusion, we again wish to voice our protest of the Code in its present form, and as above stated, that if the Code is signed as it is now written, bags will not be able to be manufactured out-of-town and manufacturers will be obliged, in order to profitably compete with New York manufacturers, move their plants back to New York, or else go out of business entirely, as the New York market does not have enough skilled labor to take care of the entire industry and learners have not been permitted in the Union for several years.

Yours very truly

GOLDSMITH BROTHERS
MANUFACTURING CO., INC.

LJB:FB

P.S. - Whereas we now employ over five hundred in our plant, if we were to move back to New York we would only need approximately two hundred to produce the same amount of units.

WESTERN UNION

1934 FEB 15 PM 10 18

CC1375 50 NL - WAUKESHA WIS 15

COL ROBERT LEA -

LEATHER DUPUTY ADMINISTRATOR WASH DC -

VERY MUCH OPPOSED TO CONTROL OF HANDBAG INDUSTRY BEING INVESTED IN HAND OF ONLY UNIONIZED MANUFACTURERS IN NEW YORK STOP DUE TO GREAT DIFFERENCES IN CLASSES OF LABOR BETWEEN NEW YORK AND MIDWEST A MOVE OF THIS KIND WOULD FORCE US TO DISCONTINUE OPERATION STOP WE PLEAD FOR CONSIDERATION OF THESE CONDITIONS-

MASTERCRAFT LEATHER GOODS INC.

POSTAL TELEGRAPH

1934 MAR 21 PM 3 27

WB48 DL 5 EXTRA-RK NEW YORK NY 21 219P
GEN HUGH S JOHNSON
DEPT OF COMMERCE BLDG -

RE LADIES HANDBAG CODE STOP THIS ASSOCIATION AT A MEETING LAST NIGHT ADOPTED A RESOLUTION EXPRESSING ITS DISAPPROVAL OF THE PROVISIONS OF THE CODE WITH RESPECT TO THE CODE AUTHORITY STOP IT IS THE OPINION OF THIS ASSOCIATION THAT THE MATTER OF REPRESENTATION OF THE CODE AUTHORITY HAS NOT BEEN DISPOSED OF ON AN EQUITABLE BASIS AND THAT THE QUESTION AS TO WHETHER THE SPONSORS ARE TRULY REPRESENTATIVE OF THE INDUSTRY HAS NEVER BEEN ADEQUATELY INVESTIGATED TO JUSTIFY THE CODE PROVISIONS STOP WE HAVE CONTENDED SINCE THE SUBMISSION OF THE CODE THAT THE SPONSORS ARE NOT REPRESENTATIVE OF THE INDUSTRY AS THE PAPERS ON FILE WILL INDICATE STOP IT IS OUR WISH TO COOPERATE WITH THE ADMINISTRATION BUT WE FEEL THAT NEITHER THE SPIRIT NOR THE LETTER OF THE RECOVERY ACT HAS BEEN FOLLOWED IN CONNECTION WITH THE DESIGNATION OF THE CODE AUTHORITY AND RESPECTFULLY ASK FOR AN IMMEDIATE HEARING OF THIS MATTER AT WHICH ALL INTERESTED PARTIES MAY SUBMIT FACTS AND FIGURES PRIOR TO THE EFFECTIVE DATE OF THE CODE -
THE NATIONAL ASSOCIATION OF LADIES HANDBAG MANUFACTURERS
270 BROADWAY NEW YORK CITY.

NIGHTLETTER

February 8, 1934

Miss Frances M. Robinson
c/o General Hugh S. Johnson
Department of Commerce Building
Washington, D.C.

AS FORMER LIEUTENANT COLONEL AGD UNDER MCCAIN AND HARRIS
I RESPECTFULLY REQUEST THE FOLLOWING MESSAGE BE DELIVERED
WITHOUT DELAY TO GENERAL JOHNSON QUOTE RETAILERS CAN NOT
KEEP PRICES DOWN ON LADIES HANDBAGS AS YOU BESEECHED
THEM AT OUR CONVENTION IF YOU UNWITTINGLY CONDONE A
NEEDLESS HIDDEN PRICE INCREASE BY APPROVING A CODE WHICH
IS INTENDED TO EXACT A PROFIT OF TWO MILLION DOLLARS FROM
CONSUMERS IN A FORTY MILLION VOLUME INDUSTRY THROUGH A
REDUCTION IN THE PREVAILING CASH DISCOUNT OF EIGHT
PERCENT TO THREE PERCENT SINCE THE CODE PROPONENTS HAVE
NOT AGREED TO A COMPENSATING REDUCTION IN WHOLESALE PRICES
OF THEIR PRODUCT STOP IF CODE MUST BE APPROVED RECOMMEND
A STAY OF DISCOUNT PROVISION UNTIL COMMITTEE OF PROMINENT
RETAILERS CONSISTING OF MESSRS ROTHSCHILD STRAUS REYBURN
MITTEN PRIDDAY AND OTHERS CAN PRESENT TO YOU OR YOUR
APPOINTEE FACTS THAT WE BELIEVE WILLFULLY JUSTIFY OUR
OPPOSITION TO PRESENT LOW DISCOUNT PROVISION STOP
WHITESIDES RECENT INTERMEDIATE REPORT TO YOU ON CAUSES
OF NEEDLESS RETAIL PRICE INCREASES MENTIONS REDUCTION OF
PREVAILING CASH DISCOUNTS AS ONE OF THE IMPORTANT FACTORS
UNQUOTE

P. J. Reilly
Member, Retailers' Protective Committee
National Retail Dry Goods Association

February 12, 1934

Mr. Irving C. Fox
National Retail Dry Goods Association
225 West 34th Street
New York, N.Y.

Dear Mr. Fox:

This letter is in reply to yours of February 7, to General Hugh S. Johnson.

The Code for the Ladies Handbag Industry has already been recommended by me to the Administrator for approval.

As you already know, at the time of the Hearing, provisions standardizing the discount at 3/10 EOM received very thorough consideration.

Moreover, a joint committee of manufacturers and retailers under the chairmanship of Mr. Reyburn was appointed but unfortunately they were unable to come to an agreement.

In order to break a deadlock which had existed for several weeks, I authorized the Deputy to proceed in drafting a Code which would be satisfactory to the manufacturers and which would contain the discount provision of 3/10 EOM.

The action taken in the drafting of this Code seemed necessary if they were to have a Code at all.

Yours very truly

A. D. Whiteside,
Division Administrator.

INGBER & COMPANY

MANUFACTURERS OF

FABRIC HAND BAGS

1307-09-11 Market Street

Philadelphia, Pa.

February 12, 1934

National Recovery Administration,
Colonel Robert Lea,
Deputy Administrator of Industry,
Department of Commerce Building,
Washington, D.C.

Dear Colonel Lea:

We received unofficial information that the Government is about to present a Code for the Ladies' Handbag Industry, in which there will be an $18.00 minimum. We wish to protest against the inclusion of this paragraph in the Code for the following reason, which we believe applies to every manufacturer outside of New York City:

All manufacturers, outside of New York, are handicapped in competing with the New York manufacturers. To begin with, we do not have the skilled help that they have. Most all mechanics in New York have been in this Industry at least five or six years. The main reason being that the International

Pocketbook Union, with whom the New York Manufacturers are in contraction, does not permit them to take on any new help. For the last few years, there has been an over supply of help in this trade, due to the depression. Besides that, we are compelled to buy our goods in New York, as that is the market place, and maintain an office in New York for the sale of goods, as buyers will not go outside of New York to purchase. To maintain a New York office, and ship everything to New York City and East of New York prepaid to New York, also entails an expense. Coupling this with the average out of town help, which is usually not as skilled as New York, we are at a disadvantage.

Besides, New York City has what is known as a Clearing House for workers. When they need ten extra framers for a day, they can phone to the local office, and this is done for any other department. Whereas when they take help out of town, and lay them off when they don't need them, they thereby stand a chance of losing them, because they usually drift into another trade. It therefore means that by the time we weed additional help, we have to start training them again.

To avoid this, we try to keep them on. If a framer has no work, we give him something else to do, and do likewise in any other department. This is how we manage to keep them, although there is a loss in doing so.

For example, this is what happened to our Company: During the latter part of August, and the early part of September, we had a strike, when we brought in some new people, paying them the minimum wage. They have only been in our employ now for about six months. The National Labor Board, who was instrumental in settling the strike, asked us to make all employees back, which we did. Sufficient proof can be furnished that we are not discriminating, and are dividing the work as evenly as possible between the experienced and inexperienced help. We believe this is what the Government wants. To keep everybody busy instead of a full week to some and nothing to others.

From the above facts, you can readily understand that if an $18.00 minimum is put into the Code, we will probably be forced to shut down, or else eliminate all inexperienced workers. We know the Government does not have this purpose in mind, as it would mean so many more people to resort to charity. Therefore, we protest against the insertion of this clause in the Code, and as mentioned before, we believe that if it should be enforced, we would have to close the plant and move to New York, where it will be possible to do business under the Code.

Now what is to happen to the people in Philadelphia? Our company is employing about two hundred to two hundred and

ten people, and the rest of the Industry in Philadelphia is employing about one hundred and seventy-five. Considering the families dependent on these People's wages, it would necessitate about twelve hundred additional people going to the Relief Board.

We are awaiting advice whether or not you will have a meeting in Washington on Wednesday or Thursday of this week. If so, we expect to be there to lodge our protest in person.

We hope it will not be necessary to put this Industry in Philadelphia out of business.

Yours very truly,

INGBER & COMPANY

(Signed) D. A. INGBER, President

WESTERN UNION

(02)

KA 423 101 NL 1 EXTRA - JOPLIN MO 14

GENERAL HUGH S. JOHNSON -

NRA ADMINISTRATOR WASH D C -

THE LADIES HAND BAG CODE RECENTLY PLACED IN YOUR HANDS FOR APPROVAL IS VERY UNFAIR TO US AS A SMALL TOWN MANUFACTURER IT CONTAINS NO WAGE DIFFERENTIAL AND LITTLE CONSIDERATION FOR THE ACTUAL CONDITIONS SURROUNDING US AS AN ISOLATED MANUFACTURER WONT YOU BEFORE DECIDING ON THIS CODE PLEASE REVIEW OUR BRIEFS AND CORRESPONDENCE IN THE FILES OF DR. HOWARD AND MR J C WORTHY ASSISTANT DEPUTY ADMINISTRATOR WE EMPLOY ONE HUNDRED FIFTY TO THREE HUNDRED PEOPLE WHO WILL BE WITHOUT EMPLOYMENT IF WE ARE FORCED OUT OF BUSINESS WHICH IS ALMOST SURE IF CODE AS NOW WRITTEN IS PUT THROUGH.

THE MEEKER COMPANY INC

C MEEKER PRES

WESTERN UNION

VP 138 5 1 XU - PV NEW YORK NY 14 526P

HUGH S JOHNSON, ADMINISTRATOR
CARE OF MISS ROBINSON DEPT OF COMMERCE
COREY MEEKER ONE OF OUR MISSOURI MANUFACTURERS WILL BE GREATLY INJURED BY NO WAGE DIFFERENTIAL HAND BAG CODE HE HAS SUBMITTED BRIEF TO HOWARD BUT HAS NO WORD REGARDING IT STOP APPRECIATE GREATLY IF YOU WILL HAVE SOMEONE WIRE ME LAMBERT COMPANY TWO FIFTY PARK AVENUE NEW YORK WHAT STEPS CAN BE TAKEN -

ROBERT L. LUND (03)

WESTERN UNION

1934 FEB 15 PM 6 11

QB 604 135 NL 5 EXTRA - MIAMI FLA 15

COLONEL ROBERT LEA DEPUTY ADMINISTRATOR INDUSTRY-

WASH D C -

INFORMATION LEADS US TO BELIEVE FOURTEEN DOLLAR MINIMUM WAGE FOR IMITATION LEATHER WORKERS EMINENT STOP WE ARE OPPOSED TO THAT MINIMUM AS IT MEANS IMMEDIATE CLOSING OF OUR PLANT EMPLOYING APPROXIMATELY HUNDRED PEOPLE STOP NINETY PERCENT OUR WORKERS INEXPERIENCED AND IF THIS CODE IS ADOPTED IT WILL POSTIVELY THROW THEM ALL OUT OF WORK IN FACT OUR DIRECTORS HAVE SERIOUSLY CONSIDERED CLOSING THE PLANT AS WE CANNOT MANUFACTURE OUR MERCHANDISE ON PROFITABLE BASIS UNDER PRESENT NRA CODE STOP EMPLOYEES WORKING IN OUR PLANT ARE WELL ABLE TO SUSTAIN THEMSELVES AND ARE TREMENDOUSLY THANKFUL FOR OPPORTUNITY TO BE ABLE TO DO SO STOP PRESENT CODE MAY AND ADOPTION OF FOURTEEN DOLLAR MINIMUM WILL MAKE IT CONCLUSIVELY NECESSARY FOR OUR PLANT TO CLOSE AND MANY OTHERS THROUGHOUT THE COUNTRY LOCATED GEOGRAPH-ICALLY SIMILAR -

HARRY I MAGID VICE PRES STYLE CRAFT BAG CO INC

HERZ AND KORY

Makers of

LITTLELADY CHILDREN'S & MISSES' BAGS

230 Pine Street

WILLIAMSPORT, PA
February 16, 1934

Colonel Robert Lea

Dear Sir

We have just been informed that the ladies handbag code contains a minimum wage proposal of 18 per week and wish to say that if same is adopted will necessitate our removal to New York City, as we would be unable to compete, considering all other disadvantages and extra expenses.

Yours resp.

HERZ AND COMPANY

9811

January 3, 1934 Deputy Earl Dean Howard writing the following memorandum to Division Administrator A. D. Whiteside was evidently inclined to agree with two of his advisors that the majority faction should meet with the Administrator and write a Code based upon the Division Administrator's ultimatum viz:

A wage minimum not to exceed ($18) eighteen dollars per week and a discount provision of 3%.

1-3-34

Mr. A. D. Whiteside

Earl Dean Howard

Messrs. Hillman and Burkowitz, Labor and Industrial Advisers, respectively, on the Handbag Code have petitioned me in the matter of the deadlock on that code.

They are convinced that the attempt to get an agreement between the two factions in the industry has entirely failed since the last proposition to arbitrate their differences has been refused by the minority.

They therefore recommend that we authorize the majority faction, consisting of at least seventy-five per cent of the industry, to meet with the Deputy and Advisers and formulate a code on the basis of your ultimatum to them, namely: two wage minima not to exceed eighteen dollars per week and discount provision of three per cent.

Mr. Hillman is not satisfied with the wage and hour provisions of the code submitted by the majority, but there is no doubt that these differences can be reconciled if we hold the conference which they recommend. This would involve a decision on your part to approve a code against which there was a minority opposition of probably twenty-five per cent.

Earl Dean Howard
Deputy Administrator

On this memorandum are to be found question marks against the figures quoted in the second line of third paragraph and the last two lines of the last paragraph. At the bottom is also a penciled OK

presumably made by the Division Administrator, A. D. Whiteside, and in view of the conflicting claims made by the Trade Association one can well understand his doubt of accuracy of statements.

All of that month and through February and March, the battle raged and sporadic references are to be found in the general files to meetings with the Division Administrator, the Deputy, the representatives of the Labor Advisory Board and Colonel Lea. Following what appeared to have been the rule, insofar as this Code was concerned, no record was made of these conferences but from want I recall it seemed as if each faction was determined to rule or ruin, and could not or would not agree on the disputed points.

A comparison of the draft submitted at the hearing (see pages 270 to 285 transcript of Public Hearing) with the approved code gives light upon what must have been the subject matter of the various meetings. I quote in the following the major points at issue:

Proposed Code: Article II - Definitions not sufficiently clear, and without reservation, all embracing.

Approved Code: Article II - Definition clarified more specific.

Proposed Code: Article III - 40 hours in any one week and not in excess of 8 in any 24 hour period for factory and office help.

Approved Code: Article III - 40 hours per week except that shipping, clerical or office forces were to average 48 hours over a monthly period.

Proposed Code: Article IV - 35¢ per hour for greater New York, 30¢ outside New York area.

Approved Code: Article IV - A flat 35¢ rate per hour.

Proposed Code: Semi-skilled not provided for.

Approved Code: Provides for semi-skilled at 45¢ per hour rate. (Stayed in order of approval)

Proposed Code: Leaners to be paid not less than 80% of minimum wages and must not exceed 15% of total number of employees.

Approved Code: The Administrator may under exceptional circumstances permit employment of learners.

Proposed Code: Classification None.

Approved Code: Section 6 provides that upon recommendation by the Code Authority and after full study the Administrator

may establish basic rates for the more skilled classes of employees.

Proposed Code: Article VI - Administration provides Code Authority of eleven (11) to be selected by various associations.

Approved Code: Article VI - Administration provides eleven (11) selected from industry:

5 by Associated
2 by National Association
2 by Industrial Council
1 by Midwest Association
1 by Pacific Coast Manufacturers
1 by Labor Advisory Board.

Trade Practice Provisions were essentially the same.

It will be noted that the wage provisions approved were a compromise and as already stated became a fester spot and provocative of great dissension and widened the rift between labor and manufacturer.

It will also be noted that representation provided in Article VI of approved code is quite different from the one contained in draft used at the public hearing and revised immediately thereafter (Exhibit A, part 7, page 6; part 8, page 4.)

The Code was approved by the various Boards without comment except that of Research and Planning. Mr. James P. Davis of that Board pointed out that since the establishment of classified wage scales under codes is contrary to Administration policy it would seem wise to eliminate this provision.

He further points out that the discount provision might be the cause of much criticism unless it conforms closely with the well established practice of the industry.

(See Exhibit E paragraph "Comments Section 2", Section 12)

It was forwarded by Deputy Earl Dean Howard March 5, 1934 to the Administrator for his approval.

3. Date of Approval

The Code was approved March 14, 1934 under Administrative Order 332-1 and became effective under Article XII of the Code on the second Monday after approval by the President.

4. Conditions in Order of Approval: Industry Reaction

The Order of Approval provided:
"1. That Section 2 of Article IV be stayed until

such time as the Code Authority shall present to the Administrator a definition of the term 'semi-skilled employee', which received the approval of the Administrator."

The two subjects, semi-skilled and classification while treated in the Code as separate and distinct matters, semi-skilled in Section 2 and classification in Section 6 of Article IV approved code, are in effect part and parcel of each other.

There is no documentary evidence in the files which indicates when Section 2 of Article IV was written into the approved Code. Certainly it was not in the various submitted drafts or a subject of discussion at the Public Hearing, although referred to by industry in the Public Hearing. (See pages 191-196 Transcript of Hearing, December 8, 1933.)

However in the drafts of November and December there appears a provision for basic wages. (See Exhibit A, part 5, paragraph 5, page 3; part 6, paragraph 5, page 3; part 7, paragraph 5, page 3; part 8, paragraph 5, page 2.

Since labor was so insistent that classification be included in the wage provisions (See Transcript first Hearing, December 8, 1933 pages 61-65) and since the non-unionized portion of industry who did not classify their workers as is done in union agreements, following the section system, (page 3, paragraph 1 Appendix G) seriously objected to its inclusion in the Code, and further that an examination of Union Agreements contained in Volume A and a reference to the statement of the Code Authority Labor member dealing with this subject (See Exhibit K, page 10) discloses that the term "semi-skilled" does not appear to have been used in the industry but instead shows the use of the term "Second class helpers", it is reasonable to suppose that the Administration injected this clause as a compromise measure, providing however that the provision be stayed until the Code Authority should present an acceptable definition.

To support this conclusion is a statement by Code Director Mittenthal made to the writer September 11th, 1935 that since industry could not agree upon classification - New York wanting and out-of-town opposed to its inclusion, the subject was referred by the Deputy, Dr. Earl D. Howard, to Mr. Sidney Hillman of the Labor Advisory Board. He told manufacturers, so the Director states, that he offered this clause and industry had better accede to it or suffer a worse fate by having a code imposed upon them by the Administrator.

The Director further states that Colonel Lea opposed

its inclusion on the ground that such a clause could not be defined, satisfactorily at least, and would lead to endless trouble. Colonel Lea was eventually won over hence it found place in the wage provisions.

Could ones foresight been as good as hindsight, the provision never would have been made for it led, as stated in the previous chapter, to endless discussion and friction between the manufacturers themselves, and made wider the existing rift between labor and industry.

It was and is now my firm belief that it is impossible to justly determine where the line should fall as between skilled and semi-skilled.

When months after it was made the subject of public hearings June to July 1934, (See Transcript of such), the Assistant Deputy David Barr and the Division Administrator Sol Rosenblatt finding that no one could agree, drew an order setting up a commission to study the industry (the expense to be borne by industry) and make a finding. (See Exhibit K, pages 22 to 25). Since industry would not consent this order was however never consummated.

Proposals were then made by the Administrator to vacate the stay in the order of approval and to amend the section by deleting the term "semi-skilled" and the words "made of any materials other than imitation leather".

On this the point of legality was raised by the Deputy, Colonel Harry Berry, to whom the code was transferred in August 1934, and J. G. Latimer, Division Counsel, rendered an opinion (see Exhibit L) stating that such could not be imposed over the objection of a majority of industry.

Colonel Berry and his Assistant, Mr. Leigh Ore, Colonel Walter Mangum succeeding Colonel Berry and his Assistant, Mr. Dana Hill, made endless effort in the succeeding ten months to settle matters but without success and there it rested when the curtain was rung down.

The order of approval also contained the following provision: (Paragraph 4 - Order of Approval Code 332)

> "2. That, in addition to other members of the Code Authority, there may be appointed by the Administrator or elected by such method as he may prescribe, in his discretion, not more than three additional members with voting privilege to be chosen from members of the Industry who are not, in the opinion of the Administrator, adequately represented on the Code Authority."

Industry itself having been unable to agree upon the constituion of a Code Authority, the Administrator found

it necessary to write one that in his judgment would meet the needs of the case. However, it is evident fearing it might later be found in a disclosure of further data that his conclusions were not 100% correct the provision stated above was written in the order. I think this was wise for it later proved of value in the first steps taken toward re-uniting this industry.

Volumes A and B and General Files are filled with petitions against and protests from Members of Industry, Chambers of Commerce, Labor Unions, Retail Stores and Trade Associations, not to forget lawyers that were sent in during the months of October, November and December, 1933 and January and February, 1934.

The protests fall into four major groups, objections to Discounts - Labor - Classification, - lack of wage differentials, - representation.

Apparently almost every one was exhausted by the approval date for but eight protestants came forward under Executive Order 6205 B, and these were heard in public hearing May 7, 1934. The following are the names:

Hudson Leather Goods Inc., Nyack, New York
G. R. Godfrey Company, Gardner, Massachusetts
Paragon Novelty Bag Company, Inc., Newburgh, New York
Uneeda Belt Company, Newburgh, New York
Newburgh Handbag Company, Newburgh, New York
Licht & Kaplan Inc., Newburgh, New York
Strand Leather Goods Company, Inc., New York City
Virginia Art Goods Studios Inc., Lynchburg, Virginia

There was doubt as to the validity of the last named protest, Virginia Art, but Division Administrator Rosenblatt allowed them to be included in the public hearing held May 7, 1934 before Assistant Deputy Worthy. (See Transcript Public Hearing and with reference to action upon Virginia Art see page 85 of same. Also see Appendix M for digest of Protests.)

These protests were disallowed in Orders - Nos. 332 - 4 5 - 6 - 7 with the exception of Virginia Art which was apparently left in abeyance and of this I shall treat later.

CODE ADMINISTRATION

Organization
Personnel
Field Organization
The Code Authority as a governing body
Budgets
Effect on Industry

III. Code Administration

A. General Preliminary Discussion

Reading the foregoing chapters it was obviously difficult to launch the new governing body, indeed it seemd for a time doubtful if an organization meeting could be held. However, the first official meeting was held, April 3rd, 1934. (See copy of telegram dated April 7, 1934, Exhibit N) Perusal of the minutes of that meeting (General Files) indicate that two prior meetings were held March 23rd and March 29th, 1934.

As was to be expected two distinct camps were evident, out of town manufacturers sitting on one side of the Council table, New York placed opposite. That custom was followed until peace was declared in June 1934.

Labor representatives not having been appointed were not present.

The first business was that of election of officers and the following were elected, remaining in office until expiration.

H. Schoenfeld	-	Chairman
Sol Mutterpel	-	Vice Chairman
George Meyers	-	Treasurer
I. Schoenholz	-	Secretary

Following, the Chairman and Code Directors (these last two in number, then not officially appointed although agreed to by the Board) were authorized to name committees to immediately consider the important subject of:

Defining semi-skilled pursuant to Article IV, Section 2,
Report on Handicapped persons pursuant to Article IV, Section 7 (e),
Provide Minimum Standards pursuant to Article V, Section 6,
To study question of Homework pursuant to Article V, Section 10,
To draw up Contractors agreement pursuant to Article V, Section 12,
To draw up Constitution and By-Laws pursuant to Article VI, Section 8 (b),
To provide coordination with related Codes pursuant to Article VI, Section 8 (e),
Planning and Fair Trade Practice pursuant to Article Vi, Section 8 (g),
To draw up Uniform Cost System pursuant to Article VI, Section 8 (i),
To provide regulations of Style Piracy pursuant to Article VI, Section 8 (j),
To draw up Label Regulations pursuant to Article VII,
To draw up Regulations of Selling Below Cost pursuant to Article VIII, Section 14,
Finance and Budget.

This was a fairly comprehensive committee set up and later minutes show that on the whole, appointed members took their work seriously, approached problems earnestly and intelligently, not sparing themselves or their time. Oft timesthey worked long and late, willingly giving up Saturdays and holidays, and the Administration member being present at many of these Committee meetings can speak with knowledge as to proceedings.

If we dwell upon this matter unduly it is that, although perhaps unwittingly, the Division Administrator was unjust, in the charges made by him at a public hearing held June 7th, 1934. He at that time took occasion to openly rebuke the industry for lack of diligence and for not functioning as well, as capably, as efficiently and as intelligently as it could (see Transcript Public Hearing June 7th, 1934, pages 2 and 3).

These remarks had far reaching repercussions for the Code Authority keenly felt their injustice and deduced that the Administrator and his Assistant Deputy were irrevocably committed to labor regardless of the verities, and were not to be trusted. Thus was still more intensified the feeling between labor and manufacturer, and the Administration's problem in attempting to settle highly controversial matters made more difficult.

At this first official Code Authority meeting it was decided that a meeting of industry should be called so that it might look upon its new Board and I was asked to be present and explain to industry just what the Code, if used properly and conscientiously, spelled for them.

SOL MUTTERPERL, INC.
Manufacturers of

FANCY LEATHER GOODS
350 Fifth Avenue
New York

April 12th, 1934.

Mr. O.W. Pearson
New York City

Dear Mr. Pearson:

This is a reminder that in your address to the manufacturers this evening, you do not overlook to emphasize strongly the absolute necessity of adhering strictly to the code in order to derive the benefits that it affords to everyone in the industry.

I suggest that you plead with them for their own interest to put a stop immediately to the price war started since our code was signed. This price-cutting now is worse than ever before in the history of our industry, and that, on top of higher wages and shorter hours. Such action on the part of some unscrupulous manufacturers kills the entire morale of the industry and defeats the very purpose of the Code.

Urger every one of them to have a little patience and courage until the Code is put into operation and with the assistance and cooperation of all concerned, we will all get the benefit that the Code and the entire Recovery Act offers.

Ask them not to weaken nor falter, but stand together like men who have a perfect right and just claim to a legitimate and honorable existence in their business.

By doing this we will gain the respect of those we come in contact with in our daily business dealings, and meet with much less resistance than we do now, and at the same time eliminate the abuses that are heaped upon us when we lack unity between ourselves and mistrust each other with no good end to anyone, either to the manufacturer, retailer, consumer or worker.

Sincerely yours,

/s/ Sol Mutterperl.

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This I did and one of the largest attendances known was had at the McAlpine Hotel, New York, manufacturers coming in from all parts of the country. This meeting was definitely the first step in consolidating the warring elements and payed a part in the peace pact signed some time later.

The effect of the new code's "Terms" provision was brought out at both the Code Authority meeting and the later one of Industry, and it developed that a Retail Buyers strike was threatened if recession from the Codes Terms was not made. (See Exhibit N. Section dated April 7.)

As the weeks passed feelings ran still higher, the old bugaboo "Representation", always to the fore, preventing to a degree a sane approach to problems from time to time presented. In May I found it necessary to halt a Code Authority meeting as such, and tackle the questions underlying the representation problems (see Exhibit N- Section dated May 25) and a few weeks later decision was made to unite all trade associations into one.

Criticism of this move was made by labor as being designed to better fight the moot-semi-skilled-shorter hour and classification problems, losing sight of the fact that the manufacturers' side of industry had still other battles facing them and needed unity if they were to rehabilitate themselves.

The Code Authority selected and later elected two former members of their own industry to head up the Code Authority machine. These two men were unusually well equipped for their work, for in addition to having a first hand knowledge of processes and materials used, an understanding of style, all important to an industry of this character, an appreciation of the difficult position the industry was in, and knowing all the tricks of the trade, had a tact, a sympathy with and understanding of the manufacturers make-up that was to stand them in good stead in the troublous months ahead. That their accomplishments were great is to be found in a reading of material contained in the Compliance and General Files, for they played an important part in bringing into and keeping recalcitrant members in line. (See Exhibit N, Section of June 6, 1934.)

To cite on particular instance, that of Virginia Art Goods Company, where notable work was done. This company referred to on page 43 of this history applied for exemption on what industry felt was an unjust claim. As pointed out Virginia stated they had taken no part in the making of the Code and were entitled to exemption under 6205 B. Industry denied that this was so, and whether so or not, the company lived under a wage scale based upon their claim for a differential but which was never authorized at least formally by the Administrator. The Code Directors acting upon the good counsel of Deputy Walter Mangum finally visited the factory in Lynchburg and there developed what was the basic trouble in making Virginia Art feel their need for a differential. Their operative practice was then changed and the company was brought into obedience. We shall have occasion totreat of this more fully in a later chapter.

It will thus be evident that the new body, approaching its problems in good spirit, laid out a fairly comprehensive program and no one, can with justice, charge lack of diligence or conscientiousness in tackling their problems. The strides made toward finding the answers will be noted as we progress.

The two chief difficulties facing the Code Authority were Representation and Labor relations, other questions were relatively of minor importance. Time was perhaps the principal factor necessary in ironing out the question of fair representation. Of course common horse sense had to be brought into play but since all tried to use this, we began to see as the months passed a disappearance of the suspicions existing at the beginning, and the Code Authority leading the way, industry became united almost 100 percent, with one major trade association which is today continuing and looking for the execution of a voluntary agreement. Had the governing body not approached its problems as it did we would not today see the glimmer of light leading toward a better state of affairs.

The second major difficulty, Labor Relations, proved to be our greatest stumbling block. On pages 14, 15, 16, of this history we have touched upon these briefly and it will be seen what the surface reasons were that constantly kept the problem at boiling point. However, my own feeling is that they were secondary and contributory.

Years of soft living led to the same type of thinking and for many years labor relations were purely those of the bargain counter. No one stopped to consider that the welfare of labor did not begin and end with bargaining over wages and hours, no one felt that labor was an integral part of manufacturing, none cared as to conditions surrounding their factory employees. Naturally when a group is made to feel thay are pariahs, demands are perhaps not always made with good sound sense and are not based upon existing realities. Such, here as elsewhere was the fundamental trouble with labor relations and the situation obtaining was to be expected.

Complicating the matter still further was the internal condition of the Pocket Book Makers Union. Strife had existed for a long while, finally resulting in a complete over tune of the officials and the turning over to, so it was stated, the Communists.

Further contributing to the situations complexity was a mistake, that as Administration Member, I made. The appointed representative of labor was a Phillip Lubliner a quite likable man, an official of the union, and one who knew his business. He was not overly strong physically and was faced with a possible serious operation, or so I was told, and therefore asked me to urge the appointment of an alternate. This I did, and in due time Mr. A. Stein, Manager of the Union appeared on the scene. He was the direct opposite in type to Mr. Lubliner, much inclined to bluster, given to name calling, not however in meetings but afterwards, and generally objectionable in his manner. While Mr. Lubliner was not a well man I came to the conclusion that was used

as a subterfuge to have a second labor representative present, one only voting. It was realized that the alternate should only be present when the sitting member was absent but it was not considered wise to offer serious objection. This situation did not make for a peaceful approach to questions involving labor and I feel that all drew a sigh of relief when as a result of the union election upset a Mr. Laderman was appointed. He however was not warmly welcomed for it was definitely felt that he had the Communist taint.

With both labor and manufacturing groups torn with internal strife it may be seen that it was difficult to improve the relationship between the two factors, and in fact at the end not much of accomplishment in this direction may be credited to either side.

Subordinate to these two chief difficulties yet part of them was the utter lack of factual knowledge possessed by the industry. The industry has been in existence for about fifty years with never an attempt made, prior to 1934, to gather together any facts respecting itself and upon which both labor and industry might have formed some just conclusions.

By May 1935 the basis of a statistical and factual structure was in existence and at the end we began to see something of a picture. (See pages 6, 7, 8, 9, 10, 11, 12, ofthis history, also Exhibits B, - F page 1 - G - H - N page 4 Section dated July 10, 1935.)

The matter of Homework was a collateral part of the labor problem. Prior to 1934 there was but a vague idea of the question and of its possible effect upon the industry. May 1935 found completed a first study that offered a partial solution of the question. (See Exhibit O 4 parts.)

Additional to the before mentioned problems was that of cost figuring. It is safe to say that prior to the advent of the Code not a baker's dozen had ever seriously considered a scientific or ordered approach to this matter. In the first six months of 1935 great progress was made in this direction and there was presented to the Administration for consideration Exhibit P, a plan which although never finally approved indicated first steps at least taken toward the imposition upon industry of a usable system that must in the end have helped financial positions.

A constant thorn in the creative manufacturers' side was his loss to Style Piracy, and for the first time a real attempt was made for possible solution of this problem. (See Exhibit Q.)

Compliance with anything did not exist before 1934 for no one had ever attempted to show a manufacturer the folly of some of his competitive practices. Strange as it may seem in the light of this, compliance presented no great problem for although at swords points as they were, every one realized the need of some such instrument as a code to put a stop to the foolishnesses practiced. Every one

therefore welcomed the Code and almost all believed they must make an attempt to live up to it, not of course 100%, that would have been too much to expect from any human aggregation but in the main they did so. The well known chisler of course was always in the picture but compared to other industries of this type few came to our attention. Hour and wage complaints that reached the N.R.A. were small in number and trade practice violations almost non existent. (See Exhibit R.) Meetings were many in number (see pages 56, 57, 58, .) and invariably long drawn out.

No industry member of the Board had had previous knowledge of parliamentary procedure, hence protracted discussions and vociferous beyond words, and yet with all a keen desire to govern industry justly and wisely.

In an earlier paragraph is listed the committees set up at the first official meeting. The composition of these groups was widely made and reports in the appendix (See Exhibits C, G, H, K, O, P, Q) show the thorough and painstaking care exercised in deliberations.

Industry of course felt that with the coming of the new code era miracles would occur and if our own procedure could have been quickened, perhaps seeming miracles would have come to pass. Be that as it all may, certain it is, when the end came, industry had begun to believe in and feel that their Code Authority were endeavoring to rebuild a newer and better industrial view point, a truer perspective and the horizon had become clearer with promise of better things to come.

For those who did not live with the industry during the hectic days of 1933 and 1934 it is difficult to understand just what if anything of a definite nature was accomplished by all the long drawn out noisy meetings of this Board and of industry itself. For that matter I, myself, find it had to put the finger upon concrete things and say this was started, reached this point, and was concluded satisfactorily or otherwise. Specific things were done as referred to above and found in the appendix, but I feel the most important accomplishment of all was a rebuilding of the spirit, a re-examination of values, a weighing of position, and a clinching of the determination to fight on and win by fair means. None of these can be or are put down in records of meetings, they are not always or perhaps often expressed but living with it one feels it in the air, and that was the condition at the end as against the early days of fighting and refusal to consider the other fellow and all that that entails.

The memorandum written by the Administration Member in July 1935 should, I think, be referred to (see Exhibit N, Section dated July 10, 1935) for it gives a summary of this Code Authority's activities and the picture as I saw it.

B. Organization

1. While Article VI, Section 1 of the Code called for a Code Authority of eleven (11) representatives of industry and the order of

approval specified the appointment or election of three additional members to be chosen from members of industry who are not in the opinion of the Administrator adequately represented but ten were approved by the order of September 5th, 1934 (Order 332-16). The eleventh member was to have been selected by the Ladies Handbag Manufacturers of the Pacific Coast but apparently no association existed, and as far as the Administration member knew manufacturers from this region never communicated with the Code Authority nor attempted to elect a representative. The Code provision in part follows:

"Five (5) members shall be selected by the Associated Handbag Industries of America, Inc.

"Two (2) members shall be selected by the National Association of Ladies Handbag Manufacturers

"Two (2) members shall be selected by the Industrial Council of Leather Goods Manufacturers, Inc.

"One (1) member shall be selected by the Midwest Handbag and Small Leather Wares Association, Inc.

"One (1) member shall be selected by the Ladies' Handbag Manufacturers of the Pacific Coast."

In addition to Industry Members provision was made for one member to represent labor and such other additional members without vote to represent such groups or interests or such governmental agencies and for such periods as the Administrator might designate.

Industry members were to be selected by and from the four active associations (See paragraph 2 of Article VI of the Code above) and in fact were elected, first by the several boards of governors and ratified by the Associations.

One labor member, Phillip Lubliner, was appointed April 27th, 1934 (Order 332-2) but on account of ill-health was permitted to have an alternate. Dissension breaking out in the ranks of the International Pocketbook Makers Union, Mr. Lubliner and his alternate, Mr. A. Stein, were superseded January 2nd, 1935 (Order 332-20) by Mr. I. Laderman.

The Administration member, O.W. Pearson, serving with the exception of about two weeks throughout the Administration of the Code, was not however officially appointed until May 10th, 1934 (Order 332-3). In April 1934, Dr. Paul Abelson was designated, serving at two meetings of the Code Authority and one committee meeting. Upon objection by out of town manufacturers his appointment was not confirmed and Mr. Pearson's designation became official.

The various associations or their Boards of Governors having met, made their selections and presented the selected names and credentials to the Deputy Administrator and in due time the Code Authority was

officially approved under Order 332-16 dated September 8, 1934.

In May 1934 evidence of trouble in the Midwest Association's ranks came to the Code Authority's attention, various resignations took place and a new election of officers and delegates to the Code Authority was held. In June 1934 Mr. M. H. Blumenfeld, Mirro Leather Goods Company, 472 South Market Street, Chicago, Illinois, was seated (See Minutes Code Authority Meetings Nos. 8, 9, 10, 12, held respectively May 24, 31, June 6 and 21, 1934).

As minutes of meetings are studied one notes the presence of industry alternates. Such were provided in the By-Laws of the Associations and considered necessary because most members of the Board had factories located in places other than New York City and in addition many were acting as their own salesmen, and thus often on the road. The practice was followed until late in 1934 when the legal division pointed out its illegality. (See General Files-Correspondence Leigh E. Ore, Assistant Deputy, September 26, October 17, December 12, 1934).

June 23, 1934, notice of hearing was published for the purpose among others, of determining whether the Code Authority was truly representative. Hearings were held, lasted one day, adjourned and re-opened July 9th and 10th. Immediately prior to the June hearing a committee of warring manufacturers had come to an agreement to consolidate associations, (See Exhibit N, Section dated July 2, 1934) and shortly thereafter it was ratified at an industry meeting.

At the before mentioned hearings a new group of 68 small New York manufacturers came to light, represented by Archibald Palmer, 2 Lafayette Street, New York, Attorneyat Law. They filed, July 6th, 1934 certificate of incorporation under the name New York Fabricoid and Leather Handbag Manufacturers Association Inc. with

Max S. Weinman	- 40 West 20th St., N.Y.C.
Max H. Kasnowitz	- 202 Canal St., N.Y.C.
Julius Gallenzweig	- 2 West 29th St., N.Y.C.
William A. Hirschborn	- 5100 - 15th Ave., Brooklyn, N.Y.
Edward R. Lowy	- 38 West 32nd St., N.Y.C.
Morris Wunthal	- 9 West 31st St., N.Y.C.
Herman Rosenzweig	- 258 St., Brooklyn, N.Y.
Phillip Lichtenstein	- 1605 Nelson Ave., Bronx, N.Y.
Herman Feller	- 1349 - 57th St., Brooklyn, N.Y.

as directors. (See General Files and Transcript, Public Hearing of June 7, and July 9 and 10, 1934). This group, also seeking representation, was composed mainly of small manufacturers, in fact the charge was made that they were contractors posing as manufacturers and set up by the Union solely for the purpose of creating trouble and sentiment with the Administration, that Industry did not altogether see eye to eye with

the Code Authority.

However, this may all have been, within a week or two after the hearings, nothing more was heard of the group as such.

The Code Authority set up ouestion was the first subject of the June 7 hearing. Industry unqualifiedly said they preferred to have the Administration Member make the selection of the additional members. (See pages 13 to 22 June 7, and 279 to 333 July 9, 1934 Transcript of Hearing.) However nothing was done about this at that time, it seeming to be impolitic. During that summer and early fall a strike was called resulting in many more manufacturers leaving New York. Consummation of the consolidation move was not considered feasible and not until January 17, 1935 was the appointment of additional new members of the Code Authority pressed to a conclusion and recommendation made to the Administrator. (See Exhibit N, Section dated January 17, 1935.)

Much consideration was given this by the Administration but it was not until some few days before closure that these were approved.

March 8th, 1934 the Code Authority approaching the close of its year in office the Administration member wrote to the Deputy recommending that the body should be continued until the expiration of the N.I.R.A. June 16th, 1934. (See Exhibit N. page 3 of Section dated March 8, 1934.)

In December 1934 and January 1935 a series of conferences were held between the Imitation Leather Novelties Group of the Luggage Code and the Ladies Handbag Code Authority Directors looking toward the absorption of the first named by Handbags. A deputation was received at the Handbag Code Authority meeting held January 3rd, 1935. (See Minutes Meeting #25, General Files, and Administration Members report January 4th, 1935, Exhibit N.)

Consolidation was in essence agreed to and had it been confirmed would have brought to the Handbag Code Authority an additional two members to represent that group.

With the exception of the changes noted in this chapter the Code Authority remained as originally constituted until the Supreme Court's decision.

2. Personnel of the Code Authority

The following were the members certified by the Associations as having been elected:

By the Associated Handbag Industries of America Inc.

Harry Schoenfeld	- President Schoenfeld & Wolf Inc. 14 East 33rd St., N.Y.C.
Morris Immerman	- President Bagcraft Mfg. Inc. 30 East 33rd St., N.Y.C.

Richard Koret - President Koret Inc.
33 East 33rd St., N. Y. C.

Maurice Magid - Partner A. I. Magid & Co.
14 East 33rd St., N. Y. C.

*Sol Mutterperl - President Sol Mutterperl Inc.
330 Fifth Ave., N. Y. C.

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By the Industrial Council of Leather Goods Manufacturers, Inc.

Irving Schoenholz - President Schoenholz & Weeks Inc.
15 East 32nd St., N. Y. C.

*William Kadin - Vice Pres. & Treas. Kadin Bros. Inc.
132 West 36th St., N. Y. C.

-

By the National Association of Ladies Handbag Manufacturers

*Samuel R. Goldsmith - President Goldsmith Bros. Mfg. Co.,Inc.
38 West 32nd St., N. Y. C.

*George L. Meyers - Partner Meyers Mfg. Co.
330 Fifth Ave., N. Y. C.

-

By the Midwest Handbag & Small Leather Wares Association

*S. Malow (Position not stated) Crystal Leather Goods Co.
34 So. Wells St., Chicago Ill.

-

Administration Members

Dr. Paul Abelson, 11 West 42nd St., N. Y. C.
O. W. Pearson 45 Broadway, N. Y. C.

Dr. Abelson, a lawyer, has been for many years impartial chairman of several industries notably Furs and Millinery. No connection with Hand Bags.

O. W. Pearson an advertising man connected with Dry Goods Publications and quite familiar with the distributive problems of consumer goods going through wholesale and retail dry goods and department stores. Accredited to ten different industries as Administration Member but had no connection financial or otherwise with any. First appointed as representative of Dr. Howard the latter part of March he was not made official until May as stated in the foregoing paragraphs.

Representing Labor Advisory Board

Phillip Lubliner

Code Directors and Executive Secretary

A. Mittenthal
M. Berkowitz
Maurice Mosesson, Executive Secretary

(See Exhibit T for breakdown into types of merchandise and size of Code Authority.)

The composition of the Board followed the rule laid down in Article VI, but it is interesting to examine Exhibit T., compare with the commonly accepted groupings of price ranges and see that each was fairly represented.

The addresses given are those of the selling offices which are located in New York City. Those marked with an asterisk are out of town manufacturers and regardless of Association affiliations it will be seen that the out-of-towners obtained from the Deputy in charge a fair consideration.

Thirty-one meetings of the Code Authority and thirty-seven meetings of Committees were held, Administration being represented at all Code Authority gatherings with frequent attendance at committee meetings. Three industry mass meetings also took place.

File show copies of minutes of but twenty-one meetings and there are missing many reports from the Administration member. The administration Member's reports are contained in Exhibit N.

RECORD OF CODE AUTHORITY MEETINGS

MEETING NUMBER	DATE OF MEETING	PLACE
1	March 23, 1934	New York City
2	March 29, 1934	"
3	April 3, 1934	"
4	April 11, 1934	"
5	April 26, 1934	"
6	May 3, 1934	"
7	May 10, 1934	"
8	May 24, 1934	"
9	May 31, 1934	"
10	June 6, 1934	Washington, D. C
11	June 14, 1934	New York City
12	June 21, 1934	"
13	June 23, 1934	"
14	June 28, 1934	"
15	July 5, 1934	"
16	July 9,1934	Washington, D. C.
17	July 20, 1934	New York City
18	August 2, 1934	"
19	August 23, 1934	"
20	Sept. 4, 1934	"
21	Sept 27, 1934	"
22	Oct. 25, 1934	"
23	Nov. 8, 1934	New York City
24	Dec. 6, 1934	"
25	Jan. 3, 1935	"
26	Feb. 19, 1935	"
27	March 11, 1935	"
28	April 4, 1935	"
29	May 21, 1935	Washington, D. C.
30	June 3, 1935	New York City
31	June 11, 1935	"

RECORD OF COMMITTEE MEETINGS DATE OF MEETING	COMMITTEE
March 28, 1934	Finance Committee
April 16, 1934	Finance Committee
April 18, 1934	Beaded Bag Group
April 28, 1934	Finance Committee
April 30, 1934	Finance Committee
May 7, 1934	Beaded Bag Group
June 22, 1934	Steering Committee
June 26, 1934	Steering Committee
July 18, 1934	Beaded Bag Group
July 31, 1934	Emergency Committee
July 30, 1934	Committee to study existing conditions in the industries
August 1, 1934	Small Committee
August 24, 1934	Beaded Bag Group
August 28, 1934	Beaded Bag Group
August 30, 1934	Label Committee
September 4, 1934	Labor Committee
September 6, 1934	Label Committee
September 13, 1934	Labor Committee
September 17, 1934	Label Committee
September 21, 1934	Labor Committee
September 25, 1934	Labor Committee
October 2, 1934	Labor Committee
October 9, 1934	Trade Practice Complaints Committee
October 15, 1934	Uniform Cost Formula Committee
October 31, 1934	Special Committee
November 7, 1934	Special Committee
November 13, 1934	Label Committee
November 16, 1934	Style Piracy Committee
November 20, 1934	Style Piracy Committee
November 21, 1934	Label Committee
December 3, 1934	Homework Committee
December 15, 1934	Beaded Bag Group
December 18, 1934	Cost Accounting Committee
December 27, 1934	Design Piracy Committee
March 2, 1935	Budget & Label Committee
March 7, 1935	Budget & Label Committee
March 11, 1935	Budget & Label Committee

The above meetings took place in New York City

3. Changes in Code Authority

The following summarizes the changes made from original personnel as set forth in the foregoing paragraphs:

1. Dissension in ranks of Midwest Association of Chicago led to the election of

Mr. H. Blumenfeld
Mirro Leather Goods Company
402 South Market Street
Chicago, Illinois

in place of the original member from that area,

Mr. S. Marlow.

Certified to the Code Authority and the new member, Mr. Blumenfeld, recognized with the other members September 1934 (Order 332-16).

(2) A complete overturn in the International Pocket Book Workers Union brought about the unseating of all officers and

Mr. I. Laderman

succeeded Mr. Phillip Lubliner (Order 332-20) as Labor representative.

(3) Dr. Paul Abelson was appointed to succeed O. W. Pearson as Administration Member but the appointment was not confirmed and as previously stated with the exception of two meetings Dr. Abelson never functioned. (SEE Exhibit U).

(4) Agencies of the Code Authority

There were none, all work confidential or otherwise being conducted by the staff of the Code Authority.

(5) Field Organization

There was maintained a staff of six field investigators reporting to the co-code director Mr. Max Berkowitz who was responsible for all compliance activities.

These men were retired manufacturers, practical men of age, experience and standing and respected by all.

Additional to following the usual policing procedure of most code authorities, examination and study was made to find the answer to the oft voiced plea that it was difficult if not impossible to meet code requirements and industrially live, in many cases the answer being found in bad sloppy factory practice.

Frequent visits were made to almost all factories except those on the Coast, in Texas and Florida.

The code Directors took great pains in the selection of their staff and I can safely say they were of much higher grade than those employed by many other industries.

While no attempt was made to condone failure to live up to the Code, searching constructive examination was made to disclose the weak spots of factory practice and to strengthen them.

These men did not consider themselves as policement but rather as counsellors and friends and their work took them far afield of the usual activity of such men.

Their first concern was naturally the scanning of payroll and time records but they also took time to study merchandise on the counters of retail stores, checking of labels used, and as practical men determining or at least gaining an idea, from the price and values offered if manufacturers were misbranding or underpaying their employees.

Some manufacturers were not always honest in their record keeping, and an analysis of their product sometimes disclosed that at the price offered, they were so doing, and rechecking proved the point.

Pains were taken by the Code Directors in checking false advertising of Retailers and much was accomplished in this direction.

In earlier chapters of this history mention has been made of the dissension existing and the causes thereof. This staff by its uniform painstaking care and fairness, its willingness to counsel, unquestionably played a part in the peace pact that was made and Industry began to get, at least a glimmering of appreciation and understanding of what a code was designed to and could do.

Naturally there were some who could not see the light. The outstanding instance of this in the first months was the manufacturer referred to in the Administration Member's reports. (See Exhibit N. Section dated April 5, 1935) and in the following letters from the labor union.

"NEW YORK JOINT COUNCIL

INTERNATIONAL POCKETBOOK WORKERS UNION
Affiliated With

American Federation of Labor.

May 22nd, 1934

Mr. Oliver W. Pearson,
Code Authority, Ladies' Handbag Industry
N. R. A.,
45 Broadway,
New York City.

Dear Mr. Pearson:

The Stylecraft Leather Goods Co. located in Bridgeport, Conn., a subsidiary shop of the Morris White Manufacturing Co. of New York has openly challenged the authority of the code authority of the industry and has hired close to twenty-five apprentices in violation of our Handbag Code.

The Union has already registered several complaints for violations of the Code with the Code Authority as well as with the N. R. A. Offices in the State of Connecticut against the Stylecraft Leather Goods Co. but the firm instead of paying any attention to our complaints, is openly defying the Code Authority.

Isn't it strange that the Morris White Mfg., Co. and the Stylecraft Leather Goods Co., which firms had received at the beginning of the year a loan in the amount of $100,000 from the R. F. C. to conduct their business, should challenge the Code Authority and defy the N. R. A.? The situation is more menacing because of the fact that Morris White is openly boasting before other manufacturers of said daring exploits of taking on numerous apprentices in defiance of the Code Authority which makes for general demoralization of the entire trade.

Your immediate attention and action is most urgent.

Waiting to hear from you, I am

Very truly yours,
(Signed) A. STEIN

BS&AU
12646
AFoL

Manager"

The situation here referred to resulted later in the matter being brought before the Compliance Board and restitution made. Of this we shall deal later.

A few others, generally small in size also proved troublesome but in the main industry reacted spendidly.

Complaint was made that the Code Authority and its Directors were at times stiff necked, that they were Eastern Manufacturers and without national view point or ability to get one. Two outstanding instances of this were the Meeker Company of Joplin, Missouri, and the Virginia Art Studios of Richmond, Virginia. The files are replete with their voluminous communications.

Exhibits V and W indicate the care exercised to answer and explain positions taken in a refusal of the Meeker Company's plea, and the Virginia Art file shows a complete reversal of the position consistently taken by them in their pleas for differentials through the first year or fourteen months of Code life.

Other manufacturers from time to time complained, for a moment or two at any rate, of the consistent position of refusal taken by the Code Authority with respect to individual requests and pleas, but almost invariably decisions made were gracefully accepted. These pleas were pretty much of the same tenor, applications for over time, two shifts, apprentices and wage differentials.

Reference was made above to false advertising by Retailers. An in-

stance of this was a long drawn out controversy with one of the large New York Department stores. Checking of metropolitan advertising indicated that at the price offered goods could not be of the material described and finally led to withdrawal. The administration member was quite familiar with this and corroborative evidence of this and other similar trans actions may be found in the late Code Authority files now in the hands of the succeeding organization.

Statistical reports in Exhibit F and included in pages 6, 7, 8, 9, 10, 11, 12 of this history are by no manner of means complete but they give a picture of the character of work done.

6. Discussion of Operation of Code Authority as an Industry Governing Body.

In considering this subject one must constantly keep in mind two factors that for several months after the induction into office of this Code Authority were ever in the foreground of industry's consciousness.

First: A considerable proportion of production was in the hands of factories located outside the city limits of New York, who were paying wages much below New York unionized factories.

Second: The Code Authority's own sharp division in membership, as between New York and out of town, with the outlander element feeling chagrined and worse over the division of representation made by the Administration.

Obviously this situation made matters difficult, for each group found it almost impossible to rise to their opportunity of self government and weight dispassionately the problems given birth to in, and by the Code.

The feeling existing from these factors could not be treated lightly and had if pos ible to be smoothed out. The problem cut several ways. Out of town factories paying an average of considerably less than ten dollars per week found themselves raised to a code requirement of fourteen dollars minimum, a raise upsetting their equilibrium and assuming a size in their mental reckoning out of all proportion.

The New York faction felt, naturally so perhaps, that the out of towners would find ways to beat the Code, not yet realizing the searching quality of the police machine that was about to come into being. Expressed openly or not, the out of town men sensed this suspicion and did not take kindly to it. After all their honesty of purpose was being impugned before they had a chance to prove or disprove their good intent, in other words were condemned before being tried.

The representative question then became of greater importance than ever, for out of town without a majority, were certain in their minds, that they could not hope for a fair break and did not hesitate so to say.

Ergo: - Confusion - suspicion - distrust openly arrived at - openly expressed.

The first thing to do was to find a common ground and work from that Administration in Washington had unsuccessfully tried it, industry had tried it in New York neither without apparently getting anywhere, but the Administration member realized that underneath all the strife, there was a feeling, that given a fair chance, the Code was a heaven sent gift and could help all a long way upon the road of renewed success, such as they had once known. It was upon this premise that renewed and continuous effort was made by all concerned and resulted in the "get together" of the summer and fall of 1934.

New York a unionized city had classification, they wanted such included in the Code, they were unsuccessful, the open shops did not want such, could not see it, as applied to their own practice. All felt that Section 2 of Article IV which treated of semi-skilled taken in conjunction with paragraph one of the order was the hand writing on the wall that classification was the death's head at the feast, the ogre to be feared.

Notwithstanding these fears, the Administrator and his Deputy to the contrary notwithstanding, the openly made statement of labor that industry was dodging the issue and deliberately so, the knowledge that Colonel Lea had opposed its inclusion because of his realization of the impossibility of writing a definition, the Code Authority did make an earnest, sincere effort to set up and define the term. It is unfortunate that mere written reports cannot give a true picture of the labor and turmoil that went into this, the time consumed. Code Authority members felt they were charged with a duty which they tried to carry out. Unsuccessful, of course they were, nevertheless they tried.

Good came from it all, for more than any other factor it brought to pass a greater respect for each other and a willingness to see the other fellow's viewpoint.

Discussion of this and other labor problems resulted in the public hearings of June and July 1934 and the protracted negotiations respecting hours, classification and wages that never were settled at the time of the Supreme Court's decision on N. R. A.

It also had hearing upon the strike called in the summer of 1934 which gave great impetus to the migration from New York started some years earlier.

This migration brought in its train charges by the labor union against two manufacturers under Section 7 (a) of N. I. R. A., in that the owners had refused collective bargaining. These complaints caused further distress and consumed a great amount of time upon the part of the Code Authority and other interested parties. It was felt that the charges were not justified for the collective agreement had expired and the Union to enforce its demands had called a strike.

In one of these two cases it developed that the partners of the concern, because of their financial situation which prevented the obtaining of sufficient banking accomodation in New York, had been negotiating elsewhere for some two years for factory sites and financial help. The

strike having been called, negotiations with the union stopped being offered, bank accomodation provided they take some 200 workers off relief rolls, and good factory accomodation manned by experienced workers, it was natural to move, in fact there seemed nothing left for them to do, if they were to continue their business. This case was finally disposed of by the National Labor Relations Board as being "no case" at least that is the recollection of the Administration Member. The other case : somewhat different and flagrant was decided against the manufacturer.

Home work in the Beaded Bag section of the industry was always in one's consciousness and much was done by the Authority and its Directorate in an attempt to ameliorate home workers' rates of pay. Exhibit O gives indication of the thought and time devoted to the problem. The matter was not settled but had the Code continued it was hoped that the plan laid down would have been tried out and possibly have been successful at least to the extent that half a loaf is better than none.

Compliance work was as has been stated in earlier paragraphs of a character that was constructive, and positive rather than negative in its nature and General Files, Compliance Files, Code Authority Files give a clear picture of this. Statistics give only an indication of work done (Exhibits R and S), one had to live with the responsible officers to appreciate the sympathy, understanding, tactfulness without condonation of misbehavior, with which this work was done.

Trade Practices in general, discounts and datings, misbranding by manufacturers and retailers, style piracy, cost figuring, retailers advertising and offerings, general welfare, relationships with related industries, received much of the Authority's thought, time and attention, and results were showing in the last few months of its life. (See Exhibits C, F, G, H, K, Q, P, O, S. X and pages 48, 49, 50, 51, 52, 58, 59 and 60 of this history).

At no time in the memory of the writer was there discrimination shown against large or small, out of town or in town, south and north, east or west, nor, although labor will not altogether agree, against labor itself, and this last in view of the tense situation of some years standing was rather remarkable.

To sum up briefly; perhaps the best evidence of the success of the Code Authority, its paid personnel and particularly its two Directors is to be found in the fact that just prior to the Supreme Court's fateful decision a dinner was tendered to the Directors by the entire industry. From far and near several hundred manufacturers came to pay tribute and to publicly state their belief in and knowledge of the success of the work done and to express their feeling that all had been fair and just in their dealings.

C. Budget and Basis of Assessment

1. Section 6 Article VI of the Code provides that: "Members of Industry shall be entitled to participate in and share the benefits of the activities of the Code Authority and to participate in the selection of the members thereof by assenting to and complying with the requirements of the Code and sustaining their reasonable share of the expenses of its

administration. Such reasonable share of the expenses of administration shall be determined by the Code Authority subject to review by the Administrator on the basis of volume of business and/or such other factors as may be deemed equitable."

Article VII - N. R. A. Labels - Section 1 reads "All merchandise manufactured subject ot the provisions of this code shall bear an N. R. A. label, or authorized substitute therefore, to symbolize to purchasers of said merchandise the conditions under which it has been manufactured."

Section 4 of the same article states in part that: "Any and all members of the industry may apply to the Code Authority for a permit to purchase and use such N. R. A. labels, which permit shall be granted to them, but only if, and so long as, they comply with this Code."

Section 6 of the same article provides: "The Charge made for labels by the Code Authority shall at all times be subject to supervision and orders of the Administrator and shall be not more than an amount necessary to cover the actual reasonable cost thereof, including actual printing distribution administration and supervision of the use thereof as herein above set forth".

Thus leaving financing of Code Authority activities somewhat indefinite, hence there was approved July 3, 1934 Amendment No. 1 to the approved Code providing for mandatory collection of assessments for financing purposes. Order No. 332-13 approved by Sol A. Rosenblatt, Division Administrator, Hugh S. Johnson, Administrator.

First financing was by small loans from individual members of the Code Authority. Money so raised served to pay the small costs of temporary quarters but did not suffice for salaries so that employees worked for some considerable time before being paid. Later a temporary bank loan was arranged which served until revenue from assessments and labels came in. From that point the Authority was always solvent and operating under reasonable costs.

Three budgets were submitted. The first was approved but stayed, the second a revision of the first, covering one year from March 26, 1934 to March 26, 1935. The third for one year from March 26, 1935 to March 25, 1936. Of the last submitted, but a portion covering the period from March 26, 1935 to June 16, 1935 was approved, and subject to an extension of the Code by operation of the law, conditionally approved from June 17, 1935 to March 25, 1936.

Period of Budgets	Amount	Date Approved	Order No.
1. 3/26/34 to 3/26/35	$140,180.00	May 28,1934 Stayed - June 9, 1934	332-8 332-11
2. 3/26/34 to 3/26/35	133,540.00	July 16, 1934	332-14 (Resubmitted)

Period of Budgets	Amount	Date Approved	Order No.
3/ 3/26/35 to 3/25/36	$110,641.00	May 24, 1935	332-25

Basis of Contribution

Budget No. 1. 1/3 of 1% of the dollar sales volume
Budget No. 2. 1/3 of 1% of the net dollar sales volume
Budget No. 3. 1/4 of 1% of the gross sales volume

ESTIMATED INCOME

Budget No. 1.....$149,999.00
Budget No. 2..... 149,999.00
Budget No. 3..... 110,641.00
(1st period) $31,540.00
(2nd period) 79,101.00

(See pages 1, 2, 3 - Exhibit Y.)

At the end of the first budgetary period, finding a substantial surplus in excess of $40,000 in its treasury, the Code Authority concluded to refund $30,000 to industry and passed on March 7, 1935 a formal resolution so ordering, and by May 3, 1935 approximately $23,000 had been paid. (See page 5, Exhibit Y.)

It will be seen from the foregoing that the Code Authority and its paid officials were cautious and watchful in financial operations and my own feeling as Administration member was that in some directions they were overly so, for they needed the services of a least two extra men to cover the South and far West, and of statisticians to enable a proper and full statistical study of industry to be made.

2. Termination of Paragraph 3 of Administrative Order X-36

July 27, 1934 Acting Division Administrator William P. Farnsworth signed Order 332-15 terminating the exemption conferred in Paragraph III of Administrative Order X-36 dated May 26, 1934. Opportunity to be heard had been given in notice No. 236/1/01 dated June 15, 1934 and no objections were filed. There was at the time considerable overlapping in the bag industry particularly with the Luggage and Fancy Leather Goods Industry and to some extent with the Woman's Belt Industry and if the exemption granted under X-36 were allowed to stand the Hand Bag Industry bade fair not to meet budgetary requirements

3. Effect of other Administrative Orders.

Is it necessary to point out that the constant delay in the issuance of Administrative Orders approving budgets were to say the least disturbing and gave rise to much bitter criticism? Industry recognized the right and need of checking, but certain questions raised, were deemed

none of the Administration's business, were resented and this militated against smooth functioning.

It was constantly pointed out that what was being done was for the protection of the Code Authority itself, but none the less the answer ever made was "we know our industry, either we are trusted or we are not and we still think Administration is over reaching itself and in any event there can be no excuse for the delays." It is to be remembered that in the latter days there was less delay than formerly but there still remained the wonder, How Long, oh Lord, How Long!

4. Revenue from labels.

It was originally proposed that labels should be sold at a profit sufficient to finance the operations of the Code Authority. Preliminary conferences were held by the Deputy and his advisors with the Directors respecting this and upon objection it was determined that a levy of 1/3 of 1% upon sales would be preferable and that labels should be sold at cost plus. It was consequently so ordered in Administrative Order 332-8 and the later Order 332-14, 332-25. Proper regulations were set up, under which industry ordered and were supplied for cash, sufficient for not more than three week's operation.

Mr. A. A. Fisher in his report to the Deputy made part of this history, page 3, Exhibit Y states in detail that the total sales of labels were 37,432,000 and that these were purchased after bids from several sources of supply at a price of $14,884.00. (NOTE: Reference is made to sticker labels; these were only to be affixed to merchandise already in stock on July 2, 1934) Industry was required to file with the authority a monthly statement and without such, labels could not be issued. The use of labels was salutary serving as a compliance weapon, and to further the laying of foundations of a statistical structure.

Page 4 Exhibit Y gives in detail the income received during the period covered from March 26, 1934 to February 28, 1935. This totaled $105,799.29 with a total expense of $65,574.44 leaving a surplus of income $40,224.85. This as stated in a previous paragraph and on page 5 Exhibit Y was in part distributed pro rata to industry, creating an excellent impression.

5. Proportion of Assessments Collected

The collection of assessments was a simple matter, for the label regulations provided for a filing of sales reports with the Authority and unless the approved percentage was paid labels did not issue.

At the beginning there was some confusion, or perhaps a slight holding back, until it was found that distributors would not accept merchandise without labels. From then on, there was no trouble, collections being made from 100% of industry, with a small amount, $600, that proved uncollectible, and this held all the way to the end.

6. Financial Operations of Code Authority in Relation to its Other Operations

In an earlier paragraph of this chapter it was remarked that the Directors were overly cautious in their financial operations. This perhaps should be qualified by adding, that they needed to be because of the make up of the Code Authority. At the beginning of this history it was pointed out that never at any time had the industry thought it necessary to really know itself, to obtain a knowledge based upon facts. Not having been accustomed to the idea, one had to approach the matter circumspectly, with a feeling that one had perforce to crawl before attempting to walk. It must not be thought that over caution to the point of hamstringing was the order of the day, but neither must it be forgotten that a start from scratch, necessarily entails much greater energy than keeping a going machine moving. On the whole the financial set up was good and did permit competent and fairly adequate operation.

D. Administration of the Code

1. Amendments

There were a number of Hand Bag Manufacturers making products other than Hand Bags, principally luggage and fancy leather goods. These claimed that jurisdiction belonged to the Luggage and Fancy Leather Goods Code since from their point of view it was a more advantageous code under which to operate. With the somewhat indefinite financing provisions of the Ladies Hand Bag Code it was necessary to clarify the situation. After discussion with the Assistant Deputy it was determined wise to move for an amendment to the Hand Bag Code and such amendment No. 1 was written, passed by the Code Authority, submitted to the Administrator, opportunity to be heard given Order 332-12, and finally approved by Order 332-13.

In preparing the order for approval the Assistant Deputy noted that the Hand Bag Code Authority would be unable, due to overlapping, provide sufficient revenue to meet its budgetary requirements. From that point on there was no trouble in financing.

The constantly recurring question of the semiskilled definition coming up for public hearing in June, a special meeting of the Code Authority was held on the day of the adjourned meeting in Washington, July 9, 1934. There was introduced a resolution, later carried, that there be deleted from the Code Section 2 of Article IV, and further that Section 6 of Article IV like wise be removed. (See minutes of meeting No. 16 July 9, 1934 General Files) Labor made strenuous objection to these resolutions and continued so to do in the ensuing months. An order covering this was drawn up later in the year, 1934, but never consummated due to the interlocking question of wages and hours not having been settled, and the matter dragged along until the winter of 1934 and 1935. February 7, 1935 notice of hearing was issued (No. 367-F) and this subject was included with other proposed amendments submitted by the Code Authority (See Transcript Public Hearing February 28 1935 pages 86 to 224).

A serious problem affecting all consumer goods industries particularly where such are distributed through department stores. is that of what is known as "Return Goods". Apparently orders placed by retail merchants have not altogether been considered "firm" orders, the retailer, if so be he had changed his mind or found his judgment as to

salability not so good, reserving the right to return goods at will. At one time, this seems not to have been the case, none returning goods, unless for the substantial cause that they were not up to sample. Of late years however merchants have not hesitated to return goods for almost any cause notwithstanding they were made up by the manufacturer in good faith and shipped according to instructions. Merchants, if they found business in a slump, a periodic occurence, had no compunction over passing the buck to the manufacturer, in other words expecting the manufacturer to pay for his, the retailers sins of omission or commission. In the good years with producers, retailers could seldom get away with the practice and never with the well organized and financed manufacturer, but in times, such as we have been having the practice of returning goods by even the so called reputable outlets has reached monstrous proportions.

The Hand Bag Code Authority tackled the problem in earnest, and were desirous of amending their Code so that it would be prohibited, but found it an impossible task to find a satisfactory answer so that no actual amendment covering this was ever presented. (See page 2 minutes, meeting No. 12. General Files).

August 2, 1934 the Code Authority at meeting No. 18 passed the following resolution:

> "Resolved that Section 1 of Article II be amended by inserting the words 'shopping bags, bathing bags, handkerchief bags, vanity boxes, cosmetic bags, utility bags, knitting bags' in the first sentence after the word 'purses' so that Section 1 of Article II will read as follows:
>
> "The term 'industry' as used herein included the manufacture of Ladies', Misses, and childrens handbags, pocket books and purses, shopping bags, bathing bags, handkerchief bags, vanity boxes, cosmetic bags, utility bags, knitting bags, manufactured of any material of any kind or nature,. The term 'industry' shall not include however, the manufacture of handbags, pocketbooks, purses and mesh bags manufactured in whole of metal."

This was submitted to the Administration and after much discussion with the interested parties was noticed for hearing (367 - E December 19, 1934) and heardJanuary 9, 1935.

At this hearing, it is to be noted in the Transcript, that as an agreement was about to be reached between the opposing parties as to which of the many articles brought in as evidence should be included in the proposed new definition, it was found necessary to seek Colonel Brady's opinion. (See page 48, Transcript, Public Hearing, January 9, 1935). To every ones seeming surprise, Colonel Brady rendered a sweeping decision that all bags on exhibition were Hand Bags. This broad statement was disconcerting, created much discussion, brought about many

conferences and it was not until almost the close of the Code that a satisfactory definition was prepared and submitted for approval. This read:

> "The term 'industry' as used herein includes the manufacture of ladies, misses, and children's handbags, pocket-books and purses, shopping bags, bathing bags, handkerchief bags, kiddy bags, vanity boxes, cosmetic bags, knitting bags, manufactured of any material of any kind or nature. "The term 'industry', however, shall not include articles commonly manufactured by the Luggage and Fancy Leather Goods Industry used for traveling purposes, nor over-night bags for whatever purpose used, nor any article manufactured for men's only, nor the manufacture of hand bags, pocketbooks, purses, vanity cases and mesh bags manufactured in whole of metal."

The Schechter case decision having been made the matter naturally dropped.

The minutes of meeting No. 18 also note that the Code Authority expressed itself in favor of amending the Code with respect to Price Groupings The following excerpt from minutes of that meeting, page 2 and 3, and Exhibit E indicate the reasoning applied as does a later brief written by the code Director Mittenthal. (See Exhibit Z).

At this same meting No. 18, the following resolution was presented and passed:

> "RESOLVED that the Code of Fair Competition for the Ladies' Handbag Industry be amended by inserting a trade practice rule which shall be known as Section 16 of Article VIII to read as follows:
>
> "'No member of the industry shall repair bags without making a reasonable charge for such repairs, when such bags show that they have been in use. No member of the industry shall pay any forwarding charges for such repairs."

This proposal led to considerable discussion and opposition but was finally presented in the folowing form

"No member of the Industry shall pay for or rebate forwarding charges incidental to the return of used handbags, or repair used handbags without making a charge for same based upon the cost of labor and materials required for making such repair. This provision shall not apply, however to repairs attributable to defective workmanship or materials. Actual forwarding or transportation charges shall be separately itemized on invoice."

noticed for public hearing (367 - E December 19, 1934 heard January 9, 1935 approved May 23, 1935 and to be known as Section 16 of Article VIII - Order 332-24).

The reasons back of this move are interesting. In the relationship between producer and seller, there has been a feeling that much buck passing was taking place.

Times being good, profits with the producer excellent, not much attention is paid to such matters. Retailers finding merchandise movement slowing up, take advantage of every thing possible, no matter what, to quicken sales and more particularly when it can be done at some one elses expense. Undoubtedly in good times retailers would not return merchandise to a manufacturer for repair unless it were palpably faulty, but of late years faults obviously developed as a result of wear or carelessness were charged to manufacturers. The retailer however, it is claimed, charged his customer for repair but on the other hand asked the original producer to make such at no cost to the retailer. If these statements are correct, and we are assured they are, one must admit it to be a reprehensible practice and anything of a legitimate nature looking toward cleaning the stable of bad practice is to be desired.
(Refer to pages 98 to 103 Transcript Public Hearing January 9, 1935.)

Design Piracy is an evil we have always had with us. The brains of the creative world as well as those of the legal (patent) fraternity, have been turned over and over looking for a check upon the light minded gentry, who hesitating to illegally take ones money or property, have not thought it amiss to steal ideas from their more creative brethren.

All governments have over the years tackled the subject, and as far as one can quickly determine, have not been altogether able to find a satisfactory answer. Certainly the public hearing held January 9, 1935 developed the difficulty of obtaining a meeting of minds. (See pages 68 to 98 Transcript of Hearing) and it is well to look at Exhibit Q which gives an outline idea of the time and thought put into this by the Code Authority and its officials.

The Administration had not made their decision as to the advisability of including this as an amendment when the act was declared void and so the matter rested.

The minutes of Code Authority Meetings indicate that at meeting No. 21 held September 27, 1934 a proposal to amend the Code by adding a section to be known as Section 8, Article VIII covering Destructive Price Cutting was made but Code Authority officials state this was never pressed to a conclusion.

The minutes of this meeting are not apparently in our own files, but the following was taken from the Code Authority Minute Book.

"Proposal to amend the Code by adding a section to Article VIII to be known as No. 8.

> ."Destructive Price Cutting by means of covering any metal center frame, pocket and coin purse with fabric materials or

leather, or the lining of any framepocket or purse with leather in handbags selling at less than $24.00 per dozen is unfair competition."

Earlier in this history it was pointed out that manufacturers having gone as far as they could with competition based upon labor costs, began to add gadgets, thus starting a race, destructive of sound practice. The above proposal was a first step looking toward the building of a saner view point. Naturally the differing view point among manufacturers themselves offered difficulty in reconciliation and it was decided to lay the subject over in the hope that as time went on industry would come to a realization of better manufacturing and selling practice.

Homework, here as in all other industries where the practice is followed, was quite troublesome, although but a relatively small part of the industry operated in this manner, viz: handbeading, handcrocheting handembroidering and until July 1, 1934 handsewing. After July first this last was to cease.

One does not need to enlarge upon the indecencies existing in this character of industry, nor the diffiuclties surrounding attempts to govern it. Labor insists it cannot be done and therefore should and must be outlawed, which is easier said than done.

The Code Authority and its Directors made great effort to meet the situation and presented to the Administration a rather comprehensive program looking toward at least a partial attempt to bring decency and order into being.

In the files of the Legal Division there is a copy of a tentative amendment to Section 8, Article IV for the purpose of establishing a commission which shall establish minimum piece work rates for handbeading, handcrocheting and handembroidering. This is dated June 28, 1934 and sets up that "no member of the industry shall compensate home workers at less than the piece work rates established by said Commission, said Commission shall establish piece work rates which shall be equivalent to a minimum hourly rate of 25¢ for workers continuously engaged. Said Commission shall be supported by members of industry engaged in the manufacture of handbags by means of handbeading, handcrocheting and handembroidery, such members of industry shall contribute to the support of said Commission by a method of assessment to be approved by the Administrator."

There is to be found in Exhibit O a rather comprehensive brief and other documents covering the subject and a discussion of it on pages 123 to 132 Transcript Hearing of February 28, 1935.

June 21, 1934 the Code Authority passed a resolution adopting the report referred to in the preceding paragraph and instructed the Director to prepare the necessary resolution and forward to the Administrator. (Minutes meeting No, 12, page 2, June 21, 1934)

While these minures are not definite as to the intent of the Code Authority with respect to preparing an amendment to the Code, it was so intended and the matter came up at the Public Hearing adjourned from

June 7, 1934, to July 10, 1934 and reference to it is to be found in pages 339 to 412-447 to 452 and in the supplement (complete) of the same hearing.

Labor strenuously opposed the proposal on two grounds first, home work in any form is iniquitous and cannot be controlled and second the proposal set up an hour rate of pay lower than called for in the Code.

A representative of the Women's Bureau, Department of labor also appeared in opposition, particularly with respect to the so called "mythical rate of 25¢ per hour" proposed, and on the further ground that their records and investigation showed, that many of the skilled home working women were earning a rate higher than that, further that home work cannot be policed and ought to be abolished. (Pages 374 to 379 Transcript Public Hearing, July 10, 1934)

The matter never reached a conclusion being more or less interwoven with the entire labor provisions, nevertheless the Code Directors made consistent effort to bring about a better state of affairs.

February 7, 1935 notice of hearing was published(No.-367 -F) and the hearing tool place before Colonel Walter Mangum, Deputy Administrator, February 28, 1935 to consider the following proposed amendments:

Article III Section 2 shall read as follows:

"No person employed in shipping, clerical or office work, unless he is employed in a managerial or executive capacity and earns not less than thirty five ($35.00) dollars per week, shall be permitted to work in excess of forty (40) hours per week averaged over any one month period, provided, however, that a partner, officer, director, or stockholder or a member of the industry enhoyed in productive labor, shall be considered an employee for the purposes of this Code, and shall be subject to the labor provisions thereof".

Article VI Section 8 (c) shall read as follows:

"Each member of the Industry shall keep accurate and complete records of his, their or its transactions in the industry in respect to wages, hours of labor, conditions of employment, number of employees and other matters necessary for the effectuation of the Code, and Title I of the National Industrial Recovery Act. Each member shall furnish accurate reports based upon such records covering such matters when required by the Code Authority or the National Industrial Recovery Board.. If the Code Authority or the National Industrial Recovery Board shall determine that doubt exists as the accuracy of any such report, so much of the per-

tinent books, records and papers of such member as may be required for the verification of such report may be examined by an agency agreed upon between the Code Authority and such member, or in the absence of an agreement, by an agency appointed by the Code Authority and approved by the National Industrial Recovery Board. If a member of the Industry shall fail to furnish accurate reports, covering any of the foregoing matters when required by the code Authority or the National Industrial Recovery Board such member shall make available to an agency appointed by the Code Authority with the approval of the National Industrial Recovery Board so much of the pertinent books , records and papers of such member as may be required by the Code Authority with respect to wages, hours of labor, conditions of employment, number of employees and other matters necessary for the effectuation of this Code".

Article VII Section 11 to read as follows:

"No member of the industry shall grant cash discounts in excess of 3/10 E. O. M. Exception on goods sold up to and including $27.00 a gross, no members of the industry shall grant cash discounts in excess of 2/10 E. O. M. Anticipation may be allowed at the rate of 6% per annum. No member of the industry shall grant quantity and/or volume discounts of any nature".

Add a new section to Article VIII to be known as Section 16 to read as follows:

"Free Deals - Combination Deals no member of the Industry, shall directly or indirectly give what are known as 'free deals' or 'free merchandise' or 'combination deals' whereby a joint total price is charged for handbags along with other merchandise All bills and invoices in which handbags are one of the items, shall set forth separately and definitely the charge of the handbag alone".

Neither of these Amendments were ever approved and were still "in process" when the act ceased.

In an earlier chapter mention was made of strife within Union Ranks resulting in a complete overturn of officer personnel.

The most colorful of these officials, the most persuasive left Union ranks to take charge of Labor Relations for the then largest manufacturer, Morris White later Stylecraft Bag Company at a salary of $52,000 per annum. He later rejoined Union ranks and after the break in his Union decided to open a factory, financed and operated by men of the craft and fellow unionists. Each of the men underwrote a portion of the capital needs, and each

[illegible] officers of the company and the shop was conducted as a cooperative. Still others did likewise and the industry was faced with a breakdown of hour schedules by the subterfuge of men claiming to be company officers. Hence the purpose of the first proposal.

Again in an earlier chapter it is pointed out that this industry was not statistically fact minded, nor realized the value of such material. The Code in its approved form was not adequate, not as explicit in this respect as it might have been, making it difficult to obtain necessary pertinent information. It was felt this proposed change was necessary.

A change was pending in the set up of this Code's definition, also negotiations for a consolidation of a group that had been part of the Luggage Industry with the Handbag Code Authority had been about concluded. In that group selling terms had been established and without change for many years. It was necessary that the proposed amendment respecting terms be brought before the Administrator for approval. This served to reopen the whole question of Discounts - see pages 19 to 83 of Transcript of Hearing, February 28, 1935.

The Free Deals - Combination Deals proposal was felt necessary because of the growing demands by retailers for all sorts of free things, initials for example. It was but another form of whipping the devil around the stump. See pages 83 to 86 of the Transcript Public Hearing, February 28, 1935.

In concluding this chapter it is well to state that the two amendments approved and those proposed had a good effect upon industry. It was made known to industry by publication and word of mouth, what the Code Authority was doing and there came about a feeling that their Code Authority was on its toes, tackling troublesome problems in a painstaking thoughtful manner. All did not agree in detail with conclusions reached, but it was felt and believed that right thinking had been developed with a quieting stabilizing effect.

2. Interpretations

(a) There was but one interpretation made under this Code (Administrative Order No. 332-10), dated June 6, 1934 signed Earl Dean Howard, Deputy Administrator and Sol A. Rosenblatt, Division Administrator, Division No. 5. (See Exhibit S.)

The question raised was that of the inclusion of a certain process of manufacture, the linking together of numerous pieces of leather, under the term "hand crocheting". Could it have been so included it followed that under Section 10 of Article V, such work would have been permitted in the home.

Since the interpretation did not include it under "hand crocheting" it become a process forbidden for home work.

(b) Effect on Industry

I believe some question was later raised as to the soundness of this opinion. Some thought it a wise thing to have included it

under Hand Crocheting, it being a natural operation for home work. On the other hand it is difficult to see how by any stretch of the imagination it could be considered as "hand crocheting" or as coming under such a general heading, for it is a totally different process.

(c) Discussion of Value

The Order is explicit and there seems no further comment needed.

3. Exemptions and Stays

No exemptions were granted under this Code. The minutes of Code Authority meetings and our own general files, contain many references to, and applications for exemptions and permissions to work overtime, employ learners, wage differentials, particularly a Southern rate, apprentices, and to work two shifts, but the Code Authority rejected all such on the broad general ground that conditions in the industry did not warrant approval.

One public hearing was held May 7, 1934, (No. 367-A), upon applications for exemptions by:-

Hudson Leather Goods Co., Inc., Nyack, N.Y. exemption Art. III, Sec. 2, and for permission to employ learners in accord with Article IV, Section 3.

G. R. Godfrey Company, Gardner, Mass. Exemption from Article III, Section 1, and Article IV, Sections 1 and 6.

Paragon Novelty Bag Co., Inc.,
Uneeda Belt Co., Inc.,
Newberg Handbag Co., Inc.,
Licht & Kaplan, Inc.,

all of Newburg, N. Y. Exemption from Article IV, Section 1 and to employ learners, Article IV, Section 3.

Strand Leather Goods Co., Inc., New York, N. Y. to employ learners, Article IV, Section 3.

Virginia Art Goods Studio, Inc.,
Lynchburg, Virginia.

Wage Differential.

Under orders 332-4-5-6- and 7, signed by Earl Dean Howard, Deputy, all of these petitions were denied except Virginia Art Goods Studios. The situation surrounding Virginia Art was always difficult and somewhat beclouded. Virginia claimed exemption within ten days after approval of the Code, in that they were not parties to it. The Code Authority pointed out their membership in the major sponsoring organization and failure to resign made them parties to the Code. In the public hearing of May 7, 1934, they were permitted to file briefs. As far as the files disclose,

action was withheld on their petition, all others heard being denied.

No evidence can be found that formal action was ever taken upon Virginia Art but it is clear that a tacit approval to exemption was given. This gave rise to much bitter criticism by the Code Authority which flared up rather badly when in July 1934 it was made known that a further hearing was to be opened. Nothing definite came from this and the matter dragged along all through fall and winter of 1934 and 1935 with, at almost every Code Authority meeting, bitter resentment being voiced over the fact that Virginia Art were operating in their own way without regard to Code requirements. The Code Authority insisted that undue influence had been and was being exercised, and found themselves in a difficult untenable position since the case was constantly used as an example by offenders in extenuation of their own misdeeds. The Code Authority and its Directors felt they could do nothing and it was not until Deputy Colonel Mangum and his assistant Dana Hill took hold, that successful steps were taken to iron out the situation. Through the good offices of the Deputy, the Code Director, Max Berkovitz proceeded to Lynchburg and made a study of operations. He made certain recommendations with respect to plant operations and the installation of a cost system and found evidence of the ability of Virginia Art to pay code wages. Reference to Exhibit A. 1. portion dated April 20, 1935 gives indication of the success attending thelast, as well as a history of the case.

4. Other Administrative activities and agencies

a. Trade Practice Complaints Committee

On September 27, 1934, Order No. 332-17, a plan of organization and procedure covering Trade Practice Complaints and the appointment of a Committee was approved by the Administration. The personnel of the Committee consisted of the following:

William C. Rath, President
William C. Rath Co., Inc.,
31 East 32nd Street,
New York City.
New York Manufacturer making bags ranging in retail price from $1.95 up to and over $4.95.

Hyman Burstein, President
Charles Burstein & Bros., Inc.,
325 Fifth Avenue,
New York City.
An out of town manufacturer making bags ranging in retail price from $1.00 to $4.95.

Max Marschauer, President
Max Marschauer, Inc.,
58 West 32nd Street,
New York City.
A beaded bag manufacturer of N. Y. City.

Lawrence Moss, President
Enterprise Accessories, Inc.,
353 Fifth Avenue,
New York City.
A New York Manufacturer making a one price line
to retail at $4.95

Application for approval of this committee was first made under authority of a resolution passed by the Code Authority at meeting No. 4 held April 11, 1934 (see Minutes in Exhibit B.1) but it was not approved until the following September and the committee held but one meeting, October 9, 1934.

There was also submitted, at that time a plan of procedure, which with some change was also approved (Exhibit B.1). The plan called for a National Committee as well as Regional Divisional and subdivisional committees for specified territories and purposes. But one committee, the National, was ever set up and for reasons stated below never actually functioned.

The paid personnel of this Code Authority held a broader viewpoint of their functions and their opportunity to serve, than was the case in other industries, coupled with, as ex-manufacturers of handbags, having a primary knowledge of their industry, its problems and pitfalls. It was in their view point, right and proper to take up all compliance matters themselves, were they trade practices, or hours and wages, study each situation, apply any remedy necessary and report to the whole Code Authority.

At no time within the knowledge of the writer were trade practice complaints made at first hand, knowledge of seeming violations coming to officials, as a result of study of the retailer's buying and selling of merchandise. Having obtained in this way, facts upon which to act, meetins were had with the parties involved and it was generally found that violations occurred through lack of proper understanding and were readily straightened out.

(b) Labor Complaints Committee

At a meeting of the Code Authority held June 14, (Meeting No. 11, see Minutes Exhibit C-1) a resolution was passed appointing a National Labor Complaints Committee consisting of three members of industry, and also that the Labor Advisory Board should appoint three members and that the Administration Member should be a member. The following industry members were appointed:

David A. Ingber, President, Ingber Co., Inc.,
347 Fifth Ave., New York
David Morgenstern, President, Morgenstern & Brossear, Inc.
26 No. 17th St., New York
Sol Mutterperl, President, Sol Mutterperl, Inc.,
330 Fifth Avenue, New York, N.Y.

The names of this committee, together with plan of procedure was submitted

to the Administration July 6, 1934, but never approved and therefore did not function.

(c) By-Laws

By-Laws (See Exhibit D.1) were first submitted June 28, 1934, having been passed by the Code Authority Meeting June 14, 1934 (See minutes meeting No. 11, General Files.)

NATIONAL RECOVERY ADMINISTRATION

WASHINGTON, D. C.

45 Broadway
New York City

Digby 4-2324 June 28th, 1934

Mr. David Barr
Assistant Deputy Administrator, Div. V, NRA
Department of Commerce Building
Washington, D. C.

Dear Mr. Barr:

SUBJECT: Constitution and by-laws of the Ladies' Handbag Code Authority

I transmit herewith for your approval three copies of the constitution and by-laws for the Ladies' Handbag Code Authority. I have gone over these carefully and see nothing objectionable in them. However, I am wondering if it is not possible for these and all other by-laws to include a provision clearly stating the duties of the Code Directors.

I merely make this suggestion because of the habit Code Authority members have of hiring and firing regardless of a Code Director.

I have upon a number of occasions at Code Authority meetings emphasized to members, the necessity of placing full responsibility upon the shoulders of their Chief Executive Officers and that this cannot be done unless they refrain from foisting upon the payroll of the Code Authority their own peculiar pets, or appointees. This situation has existed in Millinery ever since they first opened their office and it is one I have not succeeded in righting.

Yours sincerely,

(Signed) O. W. PEARSON
O. W. PEARSON
ADMINISTRATION MEMBER

OWP:DAR

9811

By-Laws (continued)

Mr. Max Berkowitz
Ladies Handbag Code Authority
303 Fifth Avenue
New York City

Dear Mr. Berkowitz:

I am enclosing herewith a copy of the By-laws of the Ladies Handbag Industry Code Authority with suggested revisions to meet the objections of the Legal Division.

Your attention is called to the following changes:

Article III of the original, has been deleted. Certificates of Compliance are provided for in Administrative Order X-38, dealing with label regulations.

Article IV, Section 1 has been amended by the insertion of the word "Industry" before the word "members" in the third sentence thereof.

Article IV, Section 2 has been amended to set forth the provisions of the Code with reference to the method of election of the Code Authority.

Article IV, Section 4 has been amended by the insertion of the word "Industry" before the words "Membership" and "Representatives".

Article V, Section 4 has been amended to make provision for the posting of a bond by the treasurer.

Article VII, Sections 1 and 2 have been deleted, and the provisions of Sections 1 and 2 of Article VII of "Suggestions for By-Laws for Code Authorities (Revised edition) have been substituted.

Article VII, Section 3 has been revised to conform to the "Suggestions".

Article VIII, Section 3 has been deleted. Itemized budgets must be submitted annually to the Administrator. When so submitted a separate approval of the Budget and Plan of Assessment may be given by the Administrator.

If these By-Laws, as revised, are satisfactory will you kindly forward, as soon as possible, six copies of the certification of their adoption by the Code Authority.

Very truly yours,

David Barr
Assistant Deputy Administrator
Apparel Section

9811

For some reason not disclosed this matter was dormant until October 1934, when on the fifth day of that month the amended by-Laws were re-submitted and approved under Order 532-19.

(d) Other

There were no peculiar administrative actions or agencies utilized.

5. Other phases of Code Administration not covered above.

A Trade Association of concrete positive value has been unknown in this Industry except perhaps the one dealing only with collective agreements. Just why they existed even in name is hard to understand, for not being herd minded so to speak, this industry would not adequately support a forward looking activity of this character.

The hand bag Code Authority directorate went far afield in their work, appreciating the need of building a closely knit industry, cementing relationships between sources of supply and their own group, and between wholesalers, retailers and themselves. They kept close watch upon advertising of offerings by retailers, both regular and special, kept closely in touch with fashion, style and color trends, constantly met with trade association executives and leading men of industry, closely allied to or impinging upon their own, for these men having a vision, realized how much might and could be accomplished under their Code set up.

The Code Authority itself while appreciative of the value of such work when told of it, could not carry on, were not mentally geared to it, and without the leadership of men such as the two directors, would never have thought of such tings, least of all realized their need.

Given another year of operation this group would have found itself, would have known itself, would have intrenched itself, would have become fully conscious of their need of such knowledge and of the unity that springs from it. Evidence in the Code Authority files clearly indicate the gains made.

OPERATION OF CODE PROVISIONS

Labor Provisions
Hours
Wages
Administrative Provisions
Trade Practices

IV. OPERATION OF CODE PROVISIONS

A. Definitions

As stated in Section a, Chapter One of this history (Page 3) the following definition included in the approved code left something to be desired for constant requests come in for clarification.

> "The term 'industry' as used herein includes the manufacture of ladies', misses' and childrens' handbags, pocketbooks, and purses, manufactured of any material of any kind or nature. The term 'industry' shall not include, however, the manufacture of handbags, pocketbooks, purses and mesh bags manufactured in whole of metal."

1. Overlapping

The trouble lay in the fact that many articles falling generally into the handbag category, were made by two other industries not considered as handbag manufacturers viz:- Sanitary and Waterproof Specialties Industry and Luggage and Fancy Leather Goods Industry.

As the first named title indicates, that group were producing many articles that because they were made of waterproofed materials, naturally fell into their production line, and yet which to a degree belonged to hand bags, since they were designed to be carried in the hand for various utility purposes. Naturally such manufacturers did not wish to operate under more codes than necessary and opposed their inclusion under Handbags, and it became necessary for the Ladies' Handbag Code Authority to move for an amendment.

The problem with the second group was involved with both Sanitary Specialties and Handbags. Almost since time began women have used some form of a reticule in which to carry their small belongings, money, etc., and the controversy here narrowed down to the dividing line between hand luggage and hand bags.

The feeling on the part of the Deputy Administrator indicated at the public hearing January 9, 1935 was that Handbag and Luggage Code Authorities should get together and agree upon the division, with perhaps a consolidation of the two, so closely allied industries, as being the best answer. In the case of Sanitary Specialties the Assistant Administrator made the ruling referred to on page 86 this hisotry. The amendment proposed was in process of settlement at the close (Notice of Public Hearing No. 367 D.) but in the meanwhile the officers of the Code Authorities involved, agreed upon a modus vivendi that kept affairs moving on an even plane.

In future consideration of codes, should that time ever come, greater care must be taken in scrutinizing proposed definitions and see that each is properly embracing, but at the same time determining where and what are dividing lines. These cannot be determined satisfactorily in industries such as these, upon merchandise departments in

the retail outlets, for there, they either follow custom of their own convenience. Here you are concerned with production and all that is involved therein, and such must be kept upon a fairly even cost plane. To do otherwise keeps the labor pot boiling and of course makes for friction and trouble on the labor side, and can well make for destruction of a well established industry. Perhaps an answer is to be found in minimum wages and hours being made similar in all closely related industries. That at least would eliminate much of the controversy that takes place in all such cases. In this last, one cannot of course overlook the difficulty involved, and yet so long as an uneven situation exists, troubles with related industries arise and are magnified and since you are bound sooner or later to have trouble over these matters you might just as well take the larger dose at the beginning and have done with it.

B. Wages

1. Wage Levels; Minima, Average

Section 1, Article IV, page 31 of the code states that "except as hereinafter provided no employee shall be paid at less than the rate of thirty-five cents (35¢) per hour."

Section 2 of the same article states "that no semi-skilled employee engaged in cutting, framing, paring, pocketbook making and/or operating (except lining operating, cementing and/or posting) employed in the manufacture of any of the products covered by the provisions of this Code, made of any materials other than imitation leather, shall be paid at less than the rate of forty-five cents (45¢) per hour."

These are the only two rates of pay provided and since the last was stayed in the order of approval we need only at this point be concerned with the first named.

Exhibit G, page 1, paragraph 2; page 2, paragraph 2; page 4, paragraph 2 of the Mittenthal memo on the industry, gives a picture of the wage situation obtaining prior to the code.

Exhibit F gives a statistical break-down of present day distribution of the industry, disclosed in Code Authority reports.

If, as claimed by out of town manufacturers, the large majority of their employees were not skilled, the effect of the code wage scale in increasing purchasing power, must have been very marked, for they jumped from an average of $6.00 to $8.00 per week, to a minimum of $14.00 weekly.

Taking the manufacturers statement in this respect, with a large grain of salt, my own observation of processes used in out of town factories, leads me to conclude that a full 50% of those engaged were definitely affected by this increase, and the classification break-down included in Exhibit F bears this out.

2. Industry Compliance

Of the 87 labor complaints made, but 37% were of wages, and well over 50% of these from one state Massachusetts. See Compliance Compilation by Colonel Walter Mangum. (Also see Exhibit R.)

3. Skilled Wages

Section 2 referred to in Paragraph one of this chapter was as noted, stayed, in the order of approval. As pointed out in Chapter 2, page 16 of this history and as may further be seen by examination of Exhibit K, much time and effort was spent upon this subject and all without avail. It was a compromise clause placed to placate labor and New York Manufacturers, and in the hope, that from it, would come a substantial increase in earnings to a fairly large number of employees. Coupled with it was section six providing for a permissive classification and basic rates for the more skilled classes of labor.

Exhibit G, pages 1-2-3 and 4 gives concisely the labor situation obtaining in the industry prior to the Code's adoption.

4. Adjustment of wages above the minimum

There were no provisions for an upward adjustment of wages.

5. Mal-Adjustment with other industries

In paragraph A, page 82 of this chapter, reference is made to the difficulty existing between the Sanitary and Waterproof Specialties Manufacturing Industry, Code No. 342 and the Luggage and Fancy Leather Goods Industry Code No. 42.

The Luggage and Fancy Leather Goods Industry Code provided for a differential in the Southern tier of States of 32 1/2 cents for male and 30 cents per hour for females as against 35 cents for male and 32 1/2 cents for female in the Northern States. It also made provisions for learners to be paid during a six weeks period not less than 80% of the minimum.

The Sanitary and Waterproof Specialties Manufacturing Industry Code made provision, that the rate be 35 cents per hour, except that Apprentices be paid not less than 28 cents per hour for the first six weeks and thereafter at 35 cents per hour.

The Ladies Handbag Code provided a rate of 35 cents per hour, with no exceptions and a permissive clause for learners with no specified rate.

Obviously when questions of jurisdiction over certain products arose as they did, these rates became disturbing, and more especially with Luggage for it was felt that that industry had not an efficient Code Authority machine set up.

As pointed out in Paragraph A mentioned above, the matter was being adjusted by way of a definition amendment at the close.

6. Posting of Labor Provisions.

Industry complied 100% with the posting of labor provisions with this, to be expected curious result. Certain out of town factories concluded it would be wise to come to an agreement with the union, but somewhat upon owners rather than union's terms. Rates of pay were agreed to but collection of union dues was made in the office of the factory and union officials denied access to factory floors. In the last month of code life employees were becoming restive at paying union dues, stating they could not see any good reason for so doing, since it was the code and not the union that was responsible for the pay envelope increase. What the outcome of this unrest would have been it is hard to say. The factory owners, while not anxious to have dealings with the union, felt the pressure of insidious propaganda made by unions, and therefore insisted with their employees, that their union agreement was politic and wise.

7. Insignia

Since this was a label industry all merchandise carried the N.R.A. insignia and it was extremely difficult for a manufacturer to dispose of his product without a label. Of course he was not permitted to have labels if he were not in compliance.

C. HOURS

1. Effect of Code on Industry

The figures from various sources concerning total employment in the industry are at wide variance so that it is impossible to say what effect shortened hours had upon the industry. Ranging from a quotation of 15000 (See Exhibit F, page 2) it is to be noted that the Code Authority's monthly reports from industry (Exhibit F) show but approximately 6000, exclusive of employers and salesmen. Of course these reports are not complete, and since they are not, it is difficult to come to any conclusion upon this point. Industry itself repeatedly said to me that shortened hours had increased employment but not to any great degree. Repeated requests were made for permission to work two shifts and for overtime as well as for learners but the Code Authority refused them all without exception, on the ground conditions did not warrant. Here again migration from New York had a bearing. Almost all of the moved factories had relocated themselves in smaller centers, where no labor, or at least but a small number, of a skilled or partially skilled character was available. (Using the term skilled here, is of course, meant, those familiar with or used to factory work of any kind). It follows therefore that it was difficult to find necessary man power to produce work at the peak seasons of Easter and fall and early winter, hence I do not believe much increase in the number of people put to work was made.

2. Effect of Tolerances, peak period provisions, various differentials.

There were no tolerances or differentials provided for in this Code. The West and South were desirous of them but the provision was not included and industry, taking it as a whole, set their face against them. Reference is made to Exhibits V and W to illustrate reasons and position taken by the Code Authority.

3. Industry Compliance

Reference to compliance data gathered by Colonel Walter Mangum and the Compliance statistics of the Code Authority contained in Exhibit F and also those in Exhibit R shows that compliance with hours was uniformly high. Labor was insistent that the hour provisions should be amended wishing to reduce them to 30, but that of course was consistent with their position in all of these industries and was felt not to be sound. At any rate nothing ever came from the demand. My own feeling was and is, that such a step would have been disruptive and would have defeated the purpose of putting more people at work, for I do not believe industry could have adjusted itself to such a radical change. After all it was a step forward to bring about the reduction that was made, and one needs time to absorb what is involved even in a first step.

4. Mal-Adjustment with Other Industries

There was no mal-adjustment with respect to hours.

5. Posting of Hours provisions

Labor provisions were posted as noted in paragraph B, section 6 of this chapter.

6. Insignia

N.R.A. insignia was used as noted in Section 7, Paragraph B of this Chapter.

D. OTHER LABOR PROVISIONS

1. Child Labor

With the exception of one group in Massachusetts and one having their products made in the home, child labor was unknown in the industry, before or since the Code. In the first group located in Haverhill, Massachusetts a rather shocking situation came to light, and it is doubtful that but for the Code, any but local officials would have ever known of its existence. This group hit upon the idea of manufacturing a type of bag made by weaving strips of leather. They were Greeks and the heads of each family lived by their wives' and childrens' sweat, This was stopped by the Code Authority. (See Exhibit G, P. 225, paragraphs 1 and 2 also Exhibit X). Since child labor is a constituent part of Home Work the discussion of the second group is carried on in the following section.

2. Home Workers

Home Work has existed for some years in this industry but mainly confined to hand crocheting, hand embroidery and hand beading. Such type of work is used in the beaded bag division and was permitted under the Code, but it was further ordered, that in conjunction with such State and Federal departments and other agencies the Administrator might designate, the Code Authority should study and investigate the problem of homework, and make recommendations for its effective control. Hand Sewing in the home was also permitted but only until July 1, 1934, that being considered sufficient time to eliminate the practice. (Article 5, Section 10, Code).

Reference is made on pages 50, 63 this history to the manner in which the Code Directors approached the problem and Exhibit O indicates their conclusion and their recommendation. The plan was never approved. The hand sewing embargo went into effect on the day appointed and was enforced insofar as such a provision is enforceable.

There are about 25 manufacturers engaged with it is stated 5000 workers. Of this number it is estimated only 500 are employed in the factories. Under the Code 35¢ was to be the hourly rate of pay, set for all as minimum, but these manufacturers found it impossible to compete with the imported product on this basis hence their insistence upon a lower rate.

3. Handicapped Workers

Article IV, Section 7 reads as follows:

"A person whose working capacity is limited because of age or physical or mental handicap may be employed at a wage below the minimum established by this Code under the following conditions:

"(a) That they shall be paid proportionately no less than the other employees in the same factory receive for similar work, but in no case shall their compensation amount to less than seventy percent (70%) of the amount required by the minimum wage provisions of this Code.

"(b) That the employer shall at once prepare and transmit to the Code Authority a list of such excepted persons stating name, class of occupation, wage rate, length of service and reason for exception. This list shall be revised up-to-date once each month and transmitted to the Code Authority.

"(c) The proportion of excepted persons to total employees at any time shall not exceed the proportion of such employees on the pay roll during the week of July 15, 1933.

"(d) The Code Authority shall have the right to investigate and disallow any such claims for exception subject to review by the Administrator upon appeal by an employer or employee.

"(e) The Code Authority shall report to the Administrator within three (3) months and from time to time thereafter as to the effect of the operation of this provision, both generally and in cases of individual hardship."

At a meeting of the Code Authority held May 3, 1934 known as Meeting No. 8 the committee on Handicapped persons presented the following report:

COMMITTEE ON HANDICAPPED PERSONS

A meeting of the Committee was held at the office of the Code Authority on April 30, 1934.

Messrs. L. Moss, Chairman, and Wm. C. Rath, were present.

The U. S. Department of Labor has issued certain regulations in regard to the employment of "handicapped persons" which by executive order of February 17th are extended to all Codes previously approved and to be approved.

Pursuant to these regulations, and in accordance with Article IV, Section 7 of the Code, the Committee recommends the following:

All employers who wish to employ handicapped persons below the minimum wage rate, must follow this procedure:

1. Application must be made to the State Agency designated by the U. S. Department of Labor for a certificate. This application must be accompanied by the doctor's certificate.

2. After the State certificate is obtained, an application is to be made to the Code Authority for the employment of such workers

Respectfully submitted,
Lawrence Moss
Chairman

For some peculiar reason it appears that this industry, with the exception of the homework section, has not add handicapped persons in its worker ranks. Nothing with reference to such workers is to be found in the files and so far as I can recall no applications covering them were ever made to the Code Authority.

4. Apprentices and Learners.

The Code contains but one reference to learners, section 3, Article IV, and that was permissive only for it reads: "The Administrator may, under exceptional circumstances, and upon such conditions as he may prescribe, permit a member of the industry to employ learners at rates below the minimum wage herein established."

Many applications for permission to employ learners were made, but the invariable custom was to deny such. The Code Authority were desirous of having as nearly 100% perfection as possible. In their judgment learners were not necessary, and the fewer exceptions made, the more nearly they believed would be the attainment of their objective, perfection. This being, so, learners were not and could not be exploited.

5. Other Miscellaneous Labor Provisions

Section 3 of Article III which stated "The provisions of this article shall not apply to outside salesmen" led to considerable argument. This group of employees had become quite restive (See Exhibit E.1) and wished to be considered in the code provisions, in fact outside salesmen in all consumer goods industries were insistent upon recognition, organized and applied for an A. F. of L. charter. The Handbag Industry here refused to consider collective bargaining, taking the position that the nature of the salesman's calling was such, that of necessity all dealings must be with the individual. Nothing was ever accomplished.

Article V, Section 2, Right to Organize, standard.

Section 3 of this article, Not Required to Join Company Union, also standard.

Section 4, provided that employers shall comply with maximum hours, minimum rates of pay and other conditions of employment approved or prescribed by the President. Standard.

Section 5. Forbiddance of reclassification. Standard.

Section 6. Providing for safety and health. Standard.

Section 7. Related to State Laws more stringent than Code provisions. Standard.

Section 8. Providing for posting of Labor Provisions. Standard.

Section 9. No modification of established practices relating to vacations, etc. Standard.

Section 10. Home work forbiddance except for handbeading, hand crocheting or hand embroidering. See Section D, this chapter.

Section 11. Provided for observance of Code Wages and hours by employers in other industries making articles coming under this Code.

Checked closely and by moral suasion, observed.

Section 12. Requiring responsibility of manufacturers for observance of code provisions on the part of contractors in their employ,

Followed and checked persistently.

E. ADMINISTRATIVE PROVISIONS

1. Investigation of Records

Subsection C, section 7, Article VI of the code stated "To obtain from members of the Industry such information and reports as are required for the Administration of the Code, and in addition to information required to be submitted to any Code Authority, all or any of the persons subject to this code shall furnish such statistical information as the Administrator may deem necessary for the purposes recided in Section 3 (a) of the Act, to such Federal and State Agencies as the Administrator may designate."

As noted in previous chapters, statistical information was unknown in this industry prior to the Code, and with the exception of two or three, the word "statistics" appeared to be a new term and therefore not understood. However the Code Authority Directors took first steps to gather such simple facts as possible.

Exhibit F.gives the extent of statistics gathered.
Exhibit N Section dated March 13, 1935 also refers to this subject.

2. Collection of Statistics, Confidential Agency

No outside agency for collection of this material was used, the Code Authority preferring the employment of their own office staff. Such material was kept as confidential and there were no complaints as to leaks. While no definite provision for investigation of records was made in the Code, the Code Directors and their subordinates did, when they had reason to douot correctness of figures supplied, examine books and so far as I know without question of right being raised.

3. Liquidated Damages

There was not contained in this Code a clause providing for Liquidated Damages.

4. Other

The other Administrative provisions: Compliance machinery set up, writing of constitution and by-laws coordination of this with other industries, providing of a budget and collection of assessments, the setting up of Fair Trade Practice and Planning Agency, the recommendation of Uniform Cost System and the study of style piracy are treated elsewhere, also see Exhibits H, P, Q, Z, B.1, C.1 treating of same.

F. PRICE AND ACCOUNTING PROVISIONS

Subsection I, Section 7 of Article VI, provided for the recommending of a uniform cost and/or accounting system for each division of the industry and also in Section 14, Article VIII forbidding selling below cost.

The Code Authority officials spent much time and study on this phase of activities, without an approved final result being obtained and it cannot be said that this matter was the cause of controversy for all hoped and looked for such a system. It was, however, found extremely difficult to work this out satisfactorily, and only toward the end of the code period was a definite recommendation made.

On pp. 225 paragraph 4, Exhibit G the Code Director remarks "the average ladies handbag contains about twenty different materials and requires about thirty man operations to complete. A general lack of knowledge of computing costs by the manufacturers in the industry has resulted in ruinous competition" which explains the difficulty in working out anything approaching a workable system.

Exhibit P was forwarded to the Administrator for approval December 26, 1934 and February 18, 1935 Orton W. Boyd of Planning and Research filed a memorandum, made part of this exhibit. It will be seen that as set up, the formula was in some respects contrary to Office memorandum 228-3 and in others not considered good accounting practice. Many conferences between Mr. Boyd and the Code Directors were held but like so much other good work this was never carried to a final conclusion.

1. Price Filing

There was not any provision made for filing prices but an attempt was made to set price groupings (See Exhibit Z.) At meeting No. 8 held August 2, 1934 it was decided that the subject matter of Exhibit Z be taken up with retailers interested. Since minutes in our files disclose nothing further on this matter it is to be presumed it lapsed.

a. Waiting Periods.

Not provided for.

2. Emergency Price Bases

Not provided for.

3. Accounting Systems or Cost Systems

Submitted but never approved (See Section F this chapter).

4. Administrative Price Policy

Admitted to be desirable and necessary but since system submitted never reached final approval did not become operative.

5. Classification of Customers

No code provision

6. Price Differentials

No provision.

a. Stop Loss Provision

No provision.

7. Terms of Payment

Section 11 of Article VIII provided for cash discounts not in excess of 3/10 E.O.M. and anticipation at the rate of six percent (6%) per annum.

When it became known to the outside world that the industry had such a provision in the new code, the war was on, and never ceased to rage, during the months preceding and succeeding the public hearing of December 8, 1933. After approval, the fight was reopened by the National Retail Dry Goods Associations representative Mr. Fox at every opportunity, but industry stuck to its guns and found no great difficulty in getting and holding the retailers observance. Naturally the first few weeks after approval were difficult and all sorts of ways were devised to change the intent but without any great success, and as the months went by the new terms were an accepted commonplace. Pages 24, 33, 34, 40 of this history, tell the story of the controversy and Exhibit G, pp. 326 par. 1, also pp. 326 par. 2, and Exhibit H state the history and argument supporting the industry's position.

8. [illegible]peratives

[illegible] provision for such.

G. TRADE PRACTICES

1. Class A Trade Practices

Trade Practices of this Industry were embodied in Article VII of the Code, as originally approved, and a new Section 16 was approved under Administrative Order 382-24, May 25, 1935, which of course never became effective.

The Section 16 proposal was as follows:

"No member shall repair any used bag unless a minimum charge of 25¢ per bag is made to cover the cost of materials and the labor on such repair. No member of the industry shall pay for any of the forwarding charges on such repair."

Section 1 of this Article read:

"No member of the industry shall publish advertising (whether printed, radio, display or of any other nature), which is misleading or inaccurate in any material particular, nor shall any member, in any way misrepresent any goods, (including but without limitation its use, trade-mark, grade, quality, quantity, origin, size, substance, character, nature, finish, material content or preparation) or credit terms, values, policies, services, or the nature or form of the business conducted."

This industry is not advertising minded, for as far as known there is but one, a high style house, who spends advertising money. Therefore there was no trouble in this direction, except upon the retail side, and over this the Code Authority could not exercise control. Even here, however, realizing a bad effect if allowed to continue, the Code Directors brought pressure to bear upon the offending store's management and succeeded in checking it.

With respect to misrepresentation, however, there was occasionally another story. The Directors using corrective rather than punitive measures brought about meetings between buyer and seller so that such goods were withdrawn or properly described in their selling.

An amusing instance of misleading labeling, or marking with intent to deceive, was discovered shortly before expiration. One bag item, carrying a patent registration number tag, was noted in a retail store. The Directorate, familiar as they were with their industry, knew nothing new under the sun of a patentable nature, had been developed for many years. Note was made of the registration and on an early visit to Washington, call was made at the Patent Office. There, it was learned, the registration covered a patent issued some fifty years earlier. Of course a stop was put to use of the fradulent label but for a period, the manufacturer had succeeded in keeping every one else off his particular grass.

Our own files carry nothing covering such matters as this, but reference was had to the Code Authority files in New York as well as to the Code Directors.

Section 2: "No member of the industry shall use selling methods or credit terms which tend to deceive or mislead the customer or prospective customers.

We do not find any record of the operation of this provision, but the writer knows that pressure from retail outlets particularly the powerful buying groups was always being exercised to force a change in selling terms by changing the actual prices marked.

Section 3: "No member of the industry shall withhold from or insert in any quotation or invoice any statement that makes it inaccurate in any material particular."

Impossible to check.

Section 4: "No member of the industry shall brand or mark or pack any goods in any manner which is intended to or does deceive or mislead purchasers with respect to the brand, grade, quality, quantity, origin, size, substance, character, nature, finish, material content or preparation of such goods."

One notable instance of violation of this provision was gleaned from the Code Authority Directors.

A well known New York Department Store mislabeled and advertised a line of bags stating they were of a certain high quality skin. Failing to get satisfaction from either the manufacturer involved

or the store (Gimbels) the Code Directors took up the matter with the Better Business Bureau and the line was withdrawn with proper apologies from the store owners, and a tremendous squawk from the manufacturer. He however was finally convinced of his error and gracefully acceeded.

Section 5: "No member of the Industry shall publish advertising which refers inaccurately in any material particular to any competitors or their goods, prices, values, credit terms, policies or services."

As stated in note commenting on Section 1 of this chapter the industry is not an advertising industry.

Section 6: "No member of the industry shall publish or circularize unjustified or unwarranted threats of legal proceedings which tend to harass or have the effect of harassing competitors or intimidating their customers."

There is nothing in records to indicate any violation of this provision neither did I hear of any. Apparently the industry does not operate in this manner.

Section 7: "No member of the Industry shall give, or permit to be given any secret payment or allowance of rebate, refund, commission, credit, or unearned discount, whether in the form of money or otherwise, or the secret extension to secret purchasers of special services or privileges not extended to all purchasers on like terms and conditions."

We have no records covering this but my belief is that it is a provision almost, if not quite impossible of checking and therefore of enforcement. In meetings with members of Industry, one frequently heard the statement that buyers are on the payroll of certain manufacturers.

Section 9: "No member of the industry shall give, permit to be given, or directly offer to give anything of value for the purpose of influencing or rewarding the action of any employee, agent, or representative of another in relation to the business of the employer of such employee, the principal of such agent, or the represented party without the knowledge of such employer, principal or party. Commercial bribery provisions shall not be construed to prohibit free and general distribution of articles commonly used for advertising except so far as such articles are actually used for commercial bribery as hereinabove defined."

A provision almost, if not impossible to check or prove. Refer to preceeding paragraph.

Section 10: "No member of the industry shall attempt to induce the breach of an existing contract between a competitor and his customer or source of supply; nor shall any member of the industry interfere with or obstruct the performance of such contractual duties or services."

This provision like unto many others has a good moral effect but beyond that does not go.

Section 12 forbade the practice of directly or indirectly paying any part of the advertising expense of a purchaser, prospective purchaser or agent.

While this practice is not so prevalent as in many other industries, Hand Bag Manufacturers welcomed its inclusion in their code for the practice was beginning to show its head - The provision was found to be a deterrent.

Section 14 provided that goods shall not be sold below cost as computed by the uniform cost system provided in Section 7 (i), Article VI.

The cost system was never approved.

Section 15: "No member of the industry shall dispose of distressed merchandise except upon prior notice to the Code Authority, along with such information as the Code Authority and the Administrator may prescribe. General fall competitive items shall not be sold as distressed merchandise prior to December 26, general spring competitive items shall not be sold as distressed merchandise prior to Mother's Day, and general summer competitive items shall not be sold as distressed merchandise prior to July 4. Subject to review by the Administrator, the Code Authority may permit the sale of merchandise at periods other than those herein established."

In view of the competitive situation this provision was good, but somehow did not seem to work. The entire industry ignored it when they believed obliged, and you could not indict the whole crowd. Much preaching was done, which in time would have had a good effect, in fact there were at the close, slight signs of better thinking if not of actual practice.

2. Class B Trade Practices

Section 8 forbade the practice of shipping goods on consignment.

As in many industries, particularly those dealing with dry goods and department stores, this is a growing practice, one causing serious trouble, and this industry desired to nip it in the bud. Argument is frequently advanced that consignment practice gives an opportunity to a producer to more widely distribute his products and a broader and quickened movement of his merchandise. Often in hearings representatives of the Consumers' Advisory Board expressed the feeling that lower prices and greater buying opportunities would accrue to the consumer, and therefore no attempt should be made to check or stop the practice.

My own and industry's belief is, that sending out consignment merchandise is a bad practice, one that should not be encouraged, particularly with style merchandise for such goods often become obsolecent over night or almost so.

It is not the function of a producer to sell goods to the ultimate consumer himself, he is seldom geared up for it. Such goods need selling and all that that word implies. This the manufacturer cannot do. If a distributor has his own money invested in merchandise he has an urge to get behind it to get it into his customers hands as quickly as possible, whereas where all the risk remains with the producer the retailer is not so greatly concerned. Consignment goods selling, places almost the entire financing of the merchandise upon the manufacturers shoulders, why then the retailer? Manufacturers of hand bags have given in to this modern practice never graciously, however, and welcomed this clause and what is more used it.

Section 11 provided for cash discounts of 3/10 e.c.m. and anticipation at the rate of 6% per annum.

This provision was working very well at the close. Industry claimed it was a return to former terms used (see Exhibit G, pp. 226 pars. 1 and 2, and page 116 this history). Fought bitterly at the beginning it was accepted at the end.

Section 13 forbade the acceptance of returned goods after a period of not more than seven (7) days.

Another growing evil treated on page 67 this history. Accepted much more readily at the close than beginning. A sound provision and found to be generally workable.

The second amendment to the code which unfortunately was not approved until a few days before the Supreme Court decision is treated on page 69 this history.

E. OTHER PROVISIONS

Compliance Records indicate an almost clean bill of health with respect to both Class A and B Trade Practice Provisions. It is to be honed that a reader of this history will not conclude the industry were saints for they were far from that. A Directorate however, imbued with a belief in the value of sound trade practice in general and their own Trade Practice provisions in particular, corrective in their attitude, was largely responsible for the pretty clean charge sheets. All of the clauses contained had a value, some as pointed out negative only, but even so, worth while. Other valuable provisions would have been added, in fact were well on their way to approval at the end, and these would have materially strengthened the industry's position.

1. Hedge Clause

None such in this code.

V. RECOMMENDATIONS

General Conclusions

Code writing should be approached much more circumspectly than it was. Greater knowledge of vital statistics of an industry must be had. The historic background of an industry must be clearly laid down.

Sponsors should be required to give this information. In addition they should state the practices followed and the evils they wish to correct, quoting chapter and verse in support of positions taken.

For example: Had the Administration been given a geographical list of manufacturers and their approximate production together with a breakdown of employment in the factories, many of our difficulties in determinging wage and hour questions would have been eliminated and the representation question settled almost out of hand.

Terms and Discounts could also have been settled quickly had we had real facts in the beginning.

As it developed these questions were in the main settled reasonably and well, but one cannot but admit that conclusions were based more upon a muddling through process rather than an orderly scientific one.

Industry wants self governance, a sound idea, but only in so far as they are prepared to accept an obligation should it be given, for implied in that are the preparatory stages and these should be taken before authority is given.

Specific Recommendations

The bringing together of labor and manufacturers on Code Authority Boards while theoretically sound in principle does not work out satisfactorily in practice. If all were normal in their mental processes, or to put it another way, if they could forget past differences, perhaps it would have worked better. Unfortunately this frame of mind did not exist and it was too much to expect that it should, at least in a short space of time. The Manufacturers' general attitude seems to be that labor has some loathsome disease, while labor, and I'm now thinking only of this particular industry, acted in anything but a conciliatory manner, and as if they felt they were dealing with a lot of so and sos. Good reasons for this possibly, much to be said in extenuation for such I am sure, but none the less it does not make for calm deliberation and order.

In a case of this kind, if Codes come back, I would strongly urge that labor representation come from, not the operating local, but one completely divorced from it. Such men could advise with the local on points brought out only germane to this industry, practice, etc. This will be objected to, if only on the score of cumbersomeness, but I am certain in my own mind, that it would work, be found in the end much simpler, and the beginning of a better understanding, from which would spring good feeling between both.

Most ill feeling springs from lack of knowledge and understanding. If a mental condition obtains, that makes for closed minds, we are not going to gain knowledge and understanding, hence friction and

confusion worse confounded.

By-Laws of Code Authorities should contain a provision that code Directors should be selected or elected by the Code Authority and that the right of hiring and firing rests in Directors. In this particular case no trouble in this respect developed, but in many industries the Code Director's work was badly hampered by the Code Authority's insistence upon controlling employment of the entire staff, and thus was developed what in effect was an industrial political machine, one resented by Industry.

A. Undesirable or Unenforceable Provisions

Some provisions in the Trade Practice division of this code are of course unenforceable and yet their inclusion does have a moral effect, therefore they should be included. All know the impossibility of imposing enforcement 100% but no members of industry that I ever met, and there were many, but agreed their effect was good. Of my own knowledge, this industry's Code Directors have, through all sorts of channels, more or less devious, kept close watch and were successful in checking, to an important degree, a straying from the straight and narrow path. Compliance records show but 4 complaints but I know of many that were checked without formal complaint being made, and of these we do not have record.

B. Compliance

As I have stated in previous chapters, due to the careful watchfulness of the Code Authority staff, compliance standards were high. Attached as I was to a number of industries, my opportunities for comparison were great; and it can be said that if this problem had been approached elsewhere as here, much of the friction developed would not have existed. See pages 50, 51, 59, to 61, 63, 96, to 98 this history and Exhibits C, F, G, R. for detailed particulars.

C. Limitation on Production

This was never attempted either in the Code or otherwise.

D. Possible Code Consolidations

The Luggage and Fancy Leather Goods, and Mens and Womens Belts Industries should have been consolidated with Ladies Handbags. All follow in general the same factory practice, the same type of individuals compose the different groups, and distributive channels used are the same. Trade Practice provisions would naturally need some adjustment. From such a grouping, strength would come to the Code Authority machine itself, and what is equally important, would enable the presentation of a united front to distributive groups, and thus more quickly bring better practice. As set up today, each group, a separate entity, are relatively small and therefore, in their relations with the powerful well financed and entrenched buyers of their merchandise, are easily browbeaten into the following of bad practice.

Wage and Hour Provisions

In the light of the Virginia Art Case referred to on pages 58, 95, 96, this history and shown in Exhibit A.1. One is tempted to say wage provisions as set up were sound as applying to every part of the country. There was however, brought into that situation a factor that could not be used in all cases, the injection of a qualified expert on factory practice. Since such is not possible, and since we know we always have with us loose factory organization, I am inclined to believe a differential for markets located away from accepted centres of a particular industry, of a particular industry, should be included in a new code. I think also that hour tolerances in the peak periods of the two selling seasons, is a need of all high style industries. Could this have been done, and an average struck for the year by lowering the number of hours allowable in off seasons, industry and labor would come nearer an approach to peace. I know this is not the whole answer but it is definitely leading t.. ; way.

May I conclude this history by expressing my own feeling about this industry. Utterly demoralized at the beginning of its code life it became united. Starting with nothing in the way of facts and figures it laid the foundation stones and built an appreciation of the value of such facts. Faced with many serious problems it tackled them intelligently, as will be seen by a careful perusal of the Exhibits contained herein. Industry morale non-existent, came into being, and I feel that the industry, in making these first steps, has a right to be proud of itself, and the Administration in the great help it extended and gave has the right to be proud also.

PERSONNEL

PERSONNEL

Division Administrators	From	To
A. D. Whiteside	August 1, 1933	March 15, 1934
Sol Rosenblatt	March 16, 1934	August 1, 1934
George L. Berry	August 1, 1934	August 28, 1934
Prentiss L. Coonley	August 29, 1934	March 31, 1935
M. D. Vincent	April 1, 1935	May 27, 1935
Deputy Administrators		
Dr. Earl Dean Howard	August 1, 1933	June 16, 1934
Dean Edwards	June 16, 1934	August 1, 1934
Harry S. Berry	August 1, 1934	January 28, 1935
Walter Mangum	January 29, 1935	May 27, 1935
Assistant Deputies		
James C. Worthy	July 3, 1933	August 1, 1934
David Barr	June 16, 1934	August 1, 1934
Leigh E. Ore	August 1, 1934	January 28, 1935
Aides		
Dana Hill	January 29, 1935	May 27, 1935
Legal		
G. N. Barenboim	August 1, 1933	August 1, 1934
Hobart Newman	August 1, 1934	May 27, 1935
Consumers Advisory Board		
Fred Huhlein	August 1, 1933	May 27, 1935
Research & Planning Division		
Gretchen D. Cunningham	August 1,1933	May 27, 1935
Labor Advisory Board		
Rose Schneiderman	December 8, 1933	June 30, 1935
Pauline Gilbert	December 8, 1933	June 30, 1935
Joseph Brodinsky	July 1, 1934	May 27, 1935

Industrial Advisory Board	From	To
Max Berkowitz	August 11, 1933	April 1, 1934
Max Meyer	April 11, 1934	June 28, 1934
E. L. Fries	June 28, 1934	August 15, 1934
J. H. Davis	August 15, 1934	October 27, 1934
Bragg Comer	October 27, 1934	Jan. 16, 1935
Howell Cheney	January 16, 1935	Feb. 1, 1935
A. G. Son	February 1, 1935	May 27, 1935
Administration Members		
O. W. Pearson	April 3, 1934	May 1, 1934
(See Reports Exhibit N)	May 10, 1934	May 27, 1935
Dr. Paul Abelson	May 1, 1934	May 10, 1934

E X H I B I T S

E X H I B I T A

Letter of Transmittal
Excerpts from original codes submitted
6 Parts

EXHIBIT A

PART I

CODE OF FAIR COMPETITION

for the

LADIES HANDBAG INDUSTRY

—

LETTER OF TRANSMITTAL

National Recovery Administration
Washington, D. C.

The Associated Handbag Industries of America, Inc. submits herewith a Code of Fair Competition for approval by the President. This Code was adopted at a general meeting of the Association.

The Associated Handbag Industries of America, Inc. is an organization consisting of manufacturers and/or wholesale distributors of ladies handbags, pocketbooks and purses, representing by volume of business about seventy-nine per cent of the industry; the Association is national in scope and has a membership of 100 concerns throughout the United States. This organization was incorporated June 14, 1932 under the laws of the State of New York; its objects are quoted herewith from the By-Laws:

> "The object of this Association shall be to secure and provide cooperation and united effort in all matter relating to the progress, development, welfare or improvement of conditions in the Handbag Industry and Industries correlated and contributing to and affecting the welfare and progress of the Handbag Industry in all its branches; to foster the trade and commercial interests of its members; to secure freedom from unjust and unlawful exactions; to inculcate and maintain just and equitable principles; to eliminate unfair or improper practices; to establish and maintain uniformity and equity in the customs and commercial usages of the Industry; to acquire, preserve, collect and disseminate business information, deemed useful, advantageous or valuable to its members regarding the Handbag Industry; to reform, correct and prevent any abuse and adjust commercial controversies, misunderstandings or grievances between members or between its members and the trade; to enforce its said objects and purposes among its members by such disciplinary and other measurers as may be agreed upon by them and as may be provided by its By-Laws; and in general to do all matters tending to the improvement of the Handbag Industry in all its commercial aspects."

The Associated Handbag Industries of America, Inc. affirms that it is truly representative of the industry, and does not impose any inequitable restrictions upon membership therein.

The handbag industry being essentially a handicraft one, and subject to fluctuating style tendencies, has been particularly affected by the economic depression of the last few years, and has been peculiarly subjected to unfair and uneconomic trade practices, such as price cutting, dumping of merchandise, rebates, etc. The Association in presenting this Code for approval, believes that it will restore the purchasing power of the employees of the industry and bring employment up to the 1929 level, and restore the industry to its former healthy condition.

For purposes of identification, the following statements are numbered to correspond with the articles of the Code.

Article 3.

The employment of minors under the age of 16 has never been prevalent in the handbag industry, but in order to make certain that this abuse does not creep in, the employment of minors under the age of 16 is prohibited.

Article 4.

According to our best information, approximately two-thirds of the industry is located outside of New York, and the minimum wage paid is $7.00 per week. The establishment of a minimum wage of 30¢ per hour outside of New York represents an increase of approximately 42% and in order to compensate for the difference in living costs in New York City, a differential of 20% is provided for.

Article 5.

The number of hours worked per week in the industry ranges from 44 to 54, and in one or two instances higher. The average number of hours worked per week is approximately 48. The reduction in working hours to a minimum of 40 or an average reduction of 20%, will provide for an increase in employment sufficient to provide for the unemployed workers in the industry.

Article 6.

In order to identify all pocketbooks and handbags as having been manufactured under the conditions approved by this code, it is provided that all handbags and pocketbooks shall bear an NRA label. The publicity given to all products with an NRA lable will tend to increase the sale of such products, which in turn will make it possible for the industry to pay the wages as contemplated under this Code, and to take up the unemployed in the industry.

Article 7.

In order to make effective the provisions of this Code, an administrative body to be known as the Handbag Code Authority is set up. This Handbag Code Authority, which shall be truly representative of the industry, will be empowered to make provisions for the enforcement of this Code, and to make such recommendations to the Administrator as may be necessary from time to time. It is contemplated that conditions may arise which will tend to obstruct the smooth operation of the Code, and it will be the duty of the Handbag Code Authority to investigate and recommend the necessary remedial measures. To that end, full reports and data are to be furnished by members of the industry.

Article 8.

The National Industrial Recovery Act does not require manufacturers in any industry to hold membership in the Association, but the Code being administered for the benefit of the industry, it is only just and proper, that every person in the industry pay his proportional share of the maintenance of the machinery necessary to effectuate the provisions of this Code.

Articles 9 and 10.

A true knowledge of costs is absolutely essential to the welfare of any industry. Price-cutting and excessive values are very frequently due to a lack of true knowledge of costs.

To insure the industry against unfair competition resulting from lack of complete knowledge of costs and in many instances from no knowledge of costs at all, the Association will furnish uniform cost sheets to every manufacturer in the industry. These cost sheets will be approved by a committee of the Association and will be based on the cost system now in use by the various manufacturers in the industry.

Article 11.

For years the industry maintained its cash discount on a basis of 2/10/60x and then changed to 3% EOM. During the past four years, through unfair practices and greed on the part of the manufacturers, cash discounts have risen to 8% and in some cases as high as 10%, and this in view of possibly only 1½% earned in discount by the manufacturer, on the basis of his sales.

This wide difference between the discount earned by the manufacturer and the discount he is compelled to give, is unwarranted and uncalled for, and it is a source of great loss to the industry and must be corrected.

Unless cash discounts are absolutely uniform throughout the industry, the temptation to use various discounts within limits set is a form of rebate.

Article 12.

This article is designed to prevent the establishment of sub-standard shops in the industry by large consumers of the industry's products. The establishment of such shops, which are temporary in nature, does more harm to the legitimate employers in the industry than any other single factor. Due to their temporary character, effective control is almost impossible, and in order to do away with this evil, this article prohibits such practices.

Article 13.

One of the greatest losses in the industry has resulted from over-production, with the sacrificing of goods at the best prices obtainable in an inactive market, and the consequent lowering of standards of values. It is contemplated that the Handbag Code Authority will maintain a close supervision to prevent over-production, with its attendant losses to the industry.

Article 14.

The Handbag Industry is particularly one of style and season. The ingenuity and creative ability of any person should be protected for sufficient time so that the originator may reap the full benefits of his creative ability.

The wasteful practices now prevalent in the industry which result in severe losses through mark downs to manufacturers and retailers, due to unwarranted and parasitic copying and imitating or distinctive styles originated by manufacturers in the industry, must be eliminated. This practice constitutes unfair competition and it is against the interests of all the manufacturers in the industry.

In order to carry out the plan, the Handbag Code Authority will establish and maintain a REGISTRATION BUREAU. Any person may register with the Bureau any original design, material or process. The Bureau of Registration will also be available to any person, trade or industry selling to the ladies handbag industry, who wishes to register with the Bureau any frame, any original design on leather or material, or original process.

Article 15.

The trade practice rules under this article, such as rebates, consignment selling, unjustified returns, breach of contracts, defamation of competitors, and false or exaggerated advertising, were adopted by the Association a year ago, and are substantially identical with provisions approved by the Federal Trade Commission for similar industries.

The remaining sections of the Code are mandatory provisions of the Act, and do not require any discussion.

It is the purpose of the Association by this Code to regulate and correct these abuses. The Association is both ready and able to assume the task of and the responsibility for, the rehabilitation of the handbag industry. With that end in view, the Association states that the Code of Fair Competition herewith presented, will not tend to promote monopolies nor oppress or discriminate against small business enterprises, and that it will be fair to competitors, employees and consumers, alike.

Respectfully submitted,

ASSOCIATED HANDBAG INDUSTRIES OF AMERICA, INC.

August 28, 1933

(Signed) Maurice S. Mosesson,
Executive Secretary

MSM:AS

EXHIBIT A

PART 2

CODE OF FAIR COMPETITION

for the

LADIES' HANDBAG INDUSTRY

To effectuate the policy of Title I of the National Industrial Recovery Act, this Code is set up for the purpose of increasing employment, establishing fair and adequate wages, effecting necessary reduction of hours, improving standards of labor, and eliminating unfair trade practices (etc.); to maintain a reasonable balance between production and consumption, and to restore the income of enterprises within the industry to levels which will make possible the payment of such wages and avoid the further depletion and destruction of capital assets, to the end of rehabilitating the handbag industry and enabling it to do its part toward establishing that balance of industries which is necessary to the restoration and maintenance of the highest practical degree of public welfare.

I - DEFINITIONS

The term "handbag industry" as used herein is defined to mean the manufacture and/or wholesale distribution of ladies' handbags, pocketbooks and purses. The term "person" as used herein shall include natural persons, partnerships, associations and corporations. The term "employer" as used herein shall include every person actively engaged in the production and/or wholesale distribution of products of the handbag industry as herein defined. The term "effective date" as used herein is defined to mean the second Monday after this Code shall have been approved by the President of the United States.

II - As required by Section 7 (a) of Title I of the National Industrial Recovery Act, the following provisions are conditions of this Code:

> "(1) That employees shall have the right to organize and bargain collectively through representatives of their own choosing and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection;
>
> (2) That no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing or assisting a labor organization of his own choosing; and

(3) That employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment approved or prescribed by the President."

III - On and after the effective date, employers shall not employ any minor under the age of sixteen (16) years.

IV - On and after the effective date, the minimum wage that shall be paid by any employer to any of their employees, except learners during a three months apprenticeship, shall be at the rate of:

(1) 25¢ per hour when employed outside of Greater New York and immediate vicinity,

(2) 30¢ per hour when employed within Greater New York and immediate vicinity.

V - On and after the effective date, employers shall not operate on a schedule of hours of labor for their employees in excess of forty hours per week, excepting office and supervisory staff, shipping and sales force.

VI - LICENSES

(1) Recognizing that the stability of the industry and the ability to carry into effect the purpose and intent of this act depends entirely upon the complete cooperation of all those engaged in the handbag industry and with a view to effectuating such complete stabilization, all persons, members of the association set forth in this code, shall by virtue of their membership be deemed collectively to have been licensed to do business in this industry under this act.

(2) All persons engaged in the handbag industry and not a member of the association named herein shall, promptly following the effective date of this code, obtain and procure from the Administrator, subject to the approval of the committee, a license or permit thus to engage or continue in business, which shall be conditioned upon the obligation of such applying firm to comply with all and every provision of this code and the amendments thereof, and such other and further regulations as may be prescribed by the committee together with the Administrator.

VII-a. ADMINISTRATION

The Associated Handbag Industries of America, Inc. is hereby designated the agency for administering, supervising and promoting the performance of the provisions of this code by all employers in the handbag industry.

To effectuate the provisions of this Code, the Board of Governors as the governing body of the Associated Handbag Industries of America, Inc., is hereby authorized to appoint such agents or agencies, as it finds necessary, and to clothe these agents or agencies with the powers necessary to carry out the authority vested in the Board. This agency or agencies to have plenary powers and sole discretion, and to be assisted by an Advisory Council, consisting of chosen representatives of every branch of the industry, which will act under the sole authority of this agent.

(b) The Advisory Council is hereby designated as a planning, fair practice and controlling agency for the industry. This agency may from time to time present to the Administrator of the industry recommendations based upon conditions in the industry, as they may develop from time to time, which will tend to effectuate the operation of the provisions of the Code and the policy of the National Industrial Recovery Act, and in particular along the following lines:

(c) Recommendations for the making of rules by the Administrator as to practices by persons engaged in the handbag industry as to methods and conditions of trading, the naming and reporting of prices which may be appropriate to avoid discrimination to promote the stabilization of the industry, to prevent and eliminate unfair and destructive competitive prices and practices.

(d) Recommendations for the setting up of a Service Bureau for engineering, accounting, credit or any other purposes that may aid the conditions of this emergency and the requirements of this Code.

(e) Recommendations for the requirement by the Administrator of licensing and registration of persons engaged in the handbag industry not members of the association named herein to be made effective as speedily as can conveniently be done to the end that the provisions of this Code may become immediately operative.

(f) Recommendations for regulating the disposal of distress merchandise in the following way, because that will secure the protection of the owners thereof and at the same time promote the sound and stable conditions in the industry. Distress merchandise may be disposed of in the following manner and during the following periods only; general fall competitive items after Christmas, general spring competitive items after May 15th, and general summer competitive items after July 4th. Every person is required to notify the Advisory Council immediately after disposing of distress merchandise, jobs or underpriced merchandise during the periods as above stated, giving the following information:

Name of purchaser
Date of purchase
Quantity sold
Regular price
Price at which sold
Reasons for selling

(g) Recommendations for dealing with any inequalities that may otherwise arise that may endanger the stability of the industry and/or production and employment.

(h) Such recommendations, when approved by the administrator, shall have the same force and effect as any other provisions of this Code. Such agency shall likewise cooperate with the Administrator in making any and all investigations as to the changing and observance of any of the provisions of this Code at its own instance or upon complaint of any one of the members of the foregoing Committee. The said agency shall investigate the matter or matters complained of and report its findings and recommendations to the Administrator for appropriate disposition.

VIII - CODE REPORTS AND FEES

In order that the President may be informed of the extent of observance of the provisions of this Code, and of the extent to which the declared policy of the National Industrial Recovery Act as stated herein is being effectuated in the handbag industry, persons subject to the jurisdiction of this Code shall at its request make periodically to the Advisory Council such reports on wages, hours of labor, conditions of employment, number of employees, production, shipments, sales, stocks, prices and other data pertinent to the purposes of this Code as may be required; shall permit inspection of pertinent records by authorized agents, and shall pay as a code fee his proportionate share of the amounts necessary to pay the cost of assembling, analysis and publication of such reports and data, and of the maintenance of said Association and its authorized agents and activities in assisting the National Recovery Administration in effectuating in the handbag industry the purposes and requirements of the National Industrial Recovery Act as stated herein.

Except as otherwise provided in the National Industrial Recovery Act, all statistical data filed in accordance with the provisions of this Article shall be confidential.

IX - Each employer must use, keep and maintain uniform cost sheets as may be adopted by the Advisory Council.

Every article sold by the employer must be figured on these cost sheets, which shall be kept in a loose-leaf binder furnished by the Association, and open to inspection in accordance with Article VIII. Every employer shall swear that these cost sheets represent every article manufactured by him, and that they are the true and only cost sheets kept by him.

X - It shall be considered an unfair method of competition to sell products of the industry below cost excepting distress merchandise as allowed under this code and provided for. The Advisory Council shall formulate the method of determining cost and shall take into consideration the following factors: cost of labor, materials and over-head.

XI - It shall be considered an unfair method of competition to ship handbags at wholesale, at terms other than 3/10 e.o.m.; anticipation to be allowed at the rate of six (6) per cent per annum.

XII - CONTRACTING

The furnishing of leather, frames, or other materials to contractors by a retailer or retailers, a chain store organization, a resident buying office or a mail-order house for the purpose of having these materials made into a finished product for the use of the said retailer, chain store organization, resident buying office or mail-order house, is considered an unfair trade practice.

The contractor is hereby defined as a person employing labor in the manufacture of the products of the industry, who does not make a practice of buying his own materials or to whom materials are consigned for the purpose of making them into a finished product for the consignor.

XIII - To effect the declared purposes of this Code in respect to maintaining a reasonable balance between the production and consumption of ladies handbags, the industry goes on record as in favor of a control of production. The method of the control of production and the effective date shall be determined by the Board of Governors.

XIV - REGISTRATION

In order to protect originality of design, materials or processes, a Registration Bureau is hereby established.

Any original article, design, material or process may be registered by any person in the industry or by any person who sells his product to the industry, and when so duly registered with the Registration Bureau, it shall be protected against copying for a period of three (3) months from the date of registration, and all persons are prohibited from copying such registered article, design, material or process, or to purchase a copy or imitation of such registered article, design, material or process for a period of three (3) months from the date of registration thereof.

XV - TRADE PRACTICES

(a) The making of any secret payments or the making of any allowance of rebates, refunds, commissions, or unearned discounts, whether in the form of money or otherwise, or the secret extension to certain purchasers of special services or privileges not extended to all purchasers, under like terms and conditions, with the intent and with the effect of injuring a competitor and where the effect may be to substantially lessen competition or tend to create a monopoly or to unreasonably restrain trade, is an unfair method of competition.

(b) The giving, selling, delivering or shipping to anyone, products of the handbag industry either directly or indirectly, or by any other ways or means whatsoever, on an arrangement or understanding known as "memorandum", or "consignment" or "on approval" for any length of time whatever, with the right or privilege to the customer or consignee of selling or offering same for sale, and with the further privilege to the said customer or consignee of returning all or any part of such merchandise so shipped or delivered, or with the further privilege of exchanging all or any part of such merchandise, is an unfair method of competition.

(c) The indirect or direct giving or permitting to be given or offering to give money or anything of value to agents, employees, or representatives of customers or prospective customers, or to agents, employees or representatives of competitors customers or prospective customers, with or without the knowledge of their employers or principals, as an inducement to influence their employers or principals to purchase or contract to purchase industry products from the maker of such gift or offer or to influence such employers or principals to refrain from dealing or contracting to deal with competitors, is an unfair method of competition.

(d) The paying for retailers newspaper advertising, whether in the form of money or otherwise, constitutes a form of rebate and is therefore an unfair method of competition.

(e) The accepting of a return of any merchandise shipped to a purchaser and the giving to the purchaser credit therefor, or the exchanging of merchandise for the purchaser, where the merchandise has been shipped in accordance with all the specifications of the order and within the specified time or where the purchaser has ordered merchandise in excess of his need with the intent to return part, or where the merchandise has been in the possession, actual or constructive, of the purchaser for more than five days, is an unfair method of competition.

(f) The malicious inducing or attempting to induce the breach of existing contracts between competitors and their customers by any false or deceptive means whatsoever, or the interfering with or obstructing the performance of any such contractual duties or services by any such means, with the purpose and effect of unduly hampering, injuring, or embarrassing competitors in their businesses, is an unfair method of competition.

(g) The defamation of competitors by falsely imputing to them dishonorable conduct, inability to perform contracts, questionable credit standing, or by other false representations, or false disparagement of the grade or quality of their goods with the tendency and capacity to mislead or deceive purchasers or prospective purchasers, is an unfair method of competition.

(h) The making of any false or exaggerated statement by any person in his advertising or the making of false or unfair comparisons with the products of other manufacturers, is an unfair method of competition.

XVI - The administrator is expressly authorized to deputize the Advisory Council named herein and/or its representatives to do and perform such acts as may be necessary to carry into effect the purpose and intent of this code.

XVII - This trade association affirms that it imposes no inequitable restrictions on admission to membership therein, and is truly representative of the handbag industry.

This Code is not designed to promote monopolies, and shall not be availed of for that purpose.

The provisions of this Code shall not be so interpreted or administered as to eliminate or oppress small enterprises, or to discriminate against them.

This Code and all the provisions thereof are expressly made subject to the right of the President, in accordance with the provision of Clause 10 (b) of the National Industrial Recovery Act, from time to time to cancel or modify any order, approval, license, rule, or regulation, issued under Title I of said Act, and specifically to the right of the President to cancel or modify his approval of this Code or any conditions imposed by him upon his approval thereof.

Such of the provisions of this Code as are not required to be included therein by the National Industrial Recovery Act, may with the approval of the President, be modified or eliminated as changes in circumstances or experience may indicate. It is contemplated that from time to time supplementary provisions to this Code or additional codes will be submitted for the approval of the President to prevent unfair competitive practices and to effectuate the other purposes and policies of Title I of the National Industrial Recovery Act consistent with the provisions hereof.

XVIII - If any employer of labor in the handbag industry is also an employer of labor in any other industry, the provisions of this Code shall apply to and affect only that part of his business which is included in the handbag industry.

XIX - VIOLATIONS

Violations by any persons subject to the publications of this Code of any provisions of this Code, or of any approved rule issued thereunder, or of any agreement entered into by him with the Advisory Council to observe and conform to this Code and said rules, is an unfair method of competition, and the offender shall be subject to the penalties imposed by the National Industrial Recovery Act.

EXHIBIT A

PART 3

AS REVISED AUGUST 18, 1953 AND ONLY CONTAINING CHANGED PORTIONS

***

ARTICLE I - DEFINITIONS

***

ARTICLE II - STATUTORY LABOR PROVISIONS

***

ARTICLE III - CHILD LABOR

***

ARTICLE IV - WAGES

On and after the effective date the minimum wage that shall be paid by any employer to any of his employees shall be at the rate of:

(1) 30¢. per hour when employed outside of Greater New York and immediate vicinity.

(2) 35¢. per hour when employed within Greater New York and immediate vicinity.

Provided, however, that learners, for a period of not more than three months, shall not be paid less than 80% of the above minimum rates. A learner is hereby defined as a factory worker, who has never worked in the industry.

The total numbers of learners in any factory shall at no time exceed 15% of the total number of factory employees.

ARTICLE V - HOURS

***

ARTICLE VI - LABELS

***

ARTICLE VII - HANDBAG CODE AUTHORITY

(a) The responsibility for the administration and enforcement of this Code shall be vested in a Handbag Code Authority. This Handbag Code Authority shall be selected by the Board of Governors of the Associated Handbag Industries of America, Inc., and shall be truly representative of the industry.

(b) The Handbag Code Authority is hereby designated as a planning, fair practice and controlling agency for the industry. This agency may from time to time present to the administrator of the industry recommendations based upon conditions in the industry, as they may develop from time to time, which will tend to effectuate the operation of the provisions of the Code and the policy of the National Industrial Recovery Act, and in particular along the following lines:

(c) Recommendations as to the requirement by the administrator of such other and further reports from persons engaged in the handbag industry of statistical information and the keeping of uniform accounts as may be required to secure the proper observances of the Code and promote the proper balancing of production, distribution and consumption and the stabliization of the industry and employment.

(d) Recommendations for the setting up of a service bureau for engineering, accounting, credit or any other purposes that may aid in the conditions of this emergency and the requirements of this Code.

(e) Recommendations for the making of rules by the administrator as to practices by persons engaged in the handbag industry as to methods and conditions of trading, the naming and reporting of prices which may be appropriate to avoid discrimination, to promote the stabilization of the industry, to prevent and eliminate unfair and destructive prices and practices.

(f) Recommendations for regulating the disposal of distress merchandise in the following way, because that will secure the protection of the owners thereof and at the same time promote the sound and stable conditions in the industry. Distress merchandise may be disposed of in the following manner, and during the following periods only: general fall competitive items after Christmas, general spring competitive items after May 15th, and general summer competitive items after July 4th. Every person is required to notify the Handbag Code Authority immediately after disposing of distress merchandise, jobs or underprices merchandise during the periods as above stated, giving the following information: name of purchaser, date of purchase, quantity sold, regular price, price at which sold and reasons for selling.

(g) Recommendations for dealing with any inequalities that may otherwise arise that may endanger the stability of the industry and/or production and employment.

Such recommendations, when approved by the administrator shall have the same force and effect as any other provisions of this Code.

The Handbag Code Authority shall have power to examine all books of accounts and records of employers to ascertain whether they are observing the provisions of this code, and all employers shall submit their books and records for such examination.

The Handbag Code Authority shall have power to appoint a director, a staff of accountants and such other employees as may be required for the effective discharge of its functions.

The expense of maintaining the handbag Code Authority shall be borne by the Associated Handbag Industries of America, Inc., the parties to this Code, and all other employers in the industry in such proportions and amounts and in such manner as may be determined by the Handbag Code Authority.

ARTICLE VIII - CODE REPORTS AND FEES

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ARTICLE IX - COST RECORDS

***

ARTICLE X - SELLING BELOW COST

***

ARTICLE XI - TERMS

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ARTICLE XII - CONTRACTING

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ARTICLE XIII - CONTROL OF PRODUCTION

***

ARTICLE XIV - REGISTRATION BUREAU

***

ARTICLE XV - TRADE PRACTICES

***

ARTICLE XVI - ADMINISTRATION

***

ARTICLE XVII - STATUTORY PROVISIONS

***

ARTICLE XVIII - APPLICATION OF CODE

***

ARTICLE XIX - VIOLATIONS

***

EXHIBIT A

PART 4

Draft of
November 6, 1933

PROPOSED CODE

OF

FAIR COMPETITION

FOR THE

LADIES' HANDBAG INDUSTRY

ARTICLE I

Purposes

To effectuate the policies of Title I of the National Industrial Recovery Act, the following provisions are submitted as a Code of Fair Competition for the Ladies' Handbag Industry, and upon approval by the President shall be the standard of fair competition for this industry and shall be binding upon every member thereof.

ARTICLE II

Definitions

1. The term "Industry" as used herein includes the manufacture of ladies' handbags, pocketbooks and purses.

2. The term "employee" as used herein includes any person engaged in any phase of the industry, in any capacity, receiving compensation for his services, irrespective of the nature or method of payment of such compensation.

3. The term "employer" as used herein includes anyone for whose benefit or whose business such an employee is engaged.

4. The term "member of the industry" includes anyone engaged in the industry, either as an employer or on his own behalf.

5. The term "President", "Act", and "Administrator" as used herein shall mean respectively the President of the United States, the National Industrial Recovery Act, and the Administrator of Title I of said Act.

ARTICLE III

Hours

1. Except as hereinafter provided, no employee shall be permitted to work in excess of forty (40) hours in any one week, nor in excess of eight (8) hours in any twenty-four (24) hour period.

2. No person employed in shipping, clerical or office work, unless he is employed in a managerial or executive capacity and earns not less than thirty-five ($35.00) per week, shall be permitted to work in excess of forty (40) hours in any one week nor in excess of eight (8) hours in any twenty-four (24) hour period.

3. The provisions of this Article shall not apply to outside salesmen.

4. Subject to review by the Administrator, the Code Authority shall designate the hour before which work shall not begin and the hour after which work shall not continue. In the discretion of the Code Authority such opening and closing hours need not be uniform throughout the country but may be varied to meet varying needs and conditions.

5. No manufacturing operations shall take place on any Saturday or any Sunday.

6. No member of the industry shall engage any employee for any time which when totaled with that already performed with other member or members of the industry exceeds the maximum permitted herein.

ARTICLE IV

Wages

1. Except as hereinafter provided no employee shall be paid at less than the rate of thirty cents (30¢) per hour when employed within Greater New York and the immediate vicinity thereof, nor less than twenty-five cents (25¢) per hour when employed outside Greater New York and the immediate vicinity thereof.

2. Persons learning an occupation shall be paid not less than eighty per cent (80%) of the minimum wage which prevails in such occupation, and the number of such workers shall not exceed five per cent (5%) of the number of employees of any one employer and no person shall be employed as a learner for a period in excess of three (3) months irrespective of whether they are employed by one or more employers.

3. This Article establishes a minimum rate of pay which shall apply irrespective of whether an employee is compensated on a piece rate, time rate or other basis.

4. The wage rates for occupations other than those receiving the minimum wage herein prescribed shall at least maintain the difference in earning for those occupations for a full-time week existing on

October 1, 1933 provided, however, that these rates shall be subject to reconsideration for adjustment by the Code Authority and by the Administrator.

5. Subject to review by the Code Authority and by the Administrator, no employer shall reduce the weekly compensation for employment now in excess of the minimum wages established herein, notwithstanding that the hours worked in such employment may hereby be reduced.

ARTICLE V

General Labor Provisions

1. No person under sixteen (16) years of age shall be employed in the industry.

2. Employees shall have the right to organize and bargain collectively, through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

3. No employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing.

4. Employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment approved or prescribed by the President.

5. No employer shall reclassify employees or duties or occupations performed for the purpose of defeating the provisions of the Act or of the Code.

6. Every employer shall provide for the safety and health of his employees. Standards for safety and health shall be submitted by the Code Authority to the Administrator within six (6) months after the effective date of this Code.

7. No provision in this Code shall supersede any law within any State which imposes more stringent requirements on employers as to age of employees, wages, hours of work, or as to safety, health, or sanitary regulations, or insurance, or fire protection, or general working conditions, than are imposed by this Code.

8. Nothing herein contained shall apply to employees where terms of employment are established by labor agreements, understandings, and practices now in force, where the wage and hour provisions so established are more favorable to employees than those set forth in this Code.

9. All employers shall post complete copies of Articles III, IV, and V of this Code in conspicuous places accessible to employees.

10. No provision of this Code shall modify established practices or privileges as to vacation periods, leaves of absences, or temporary absences from work heretofore granted to office employees.

11. No member of the industry shall give out work to be performed in any home or dwelling place.

12. Any person who shall at any time manufacture any article or articles subject to the provisions of this Code shall be bound by all the provisions of this Code as to all employees engaged, in whole or in part, in such manufacture. In case any employee shall be engaged partly in such manufacture and partly in the manufacture of goods of another character, this Code shall apply to such portion of such employee's time as is applied to the manufacture of articles subject to the provisions of this Code.

13. No member of the industry shall give out work on a contract basis unless such work is given out with a written agreement that the contractor and all other parties to such contract shall comply with all the pertinent provisions of this Code. The Code Authority shall draw up a uniform agreement which shall be used whereever and whenever work is given out on a contract basis.

ARTICLE VI

Administration

1. A Code Authority is hereby constituted to cooperate with the Administrator in the administration of this code.

2. The Code Authority shall consist of _____members to be selected in the manner hereinafter set forth:

(a) _____ members shall be appointed by the Board of Governors for the Associated Handbag Industries of America, Inc.

(b) _____ members shall be appointed by the Midwestern Handbag Association.

(c) _____ members shall be appointed by the Popular Priced Handbag Association.

(d) One (1) member shall be appointed by the Administrator on the nomination of the Labor Advisory Board of the National Recovery Administration.

(e) One (1) member shall be appointed by the Administrator on the nomination of the Consumers' Advisory Board of the National Recovery Administration.

(f) One member shall be appointed by the Administrator to represent the Administrator.

3. Each trade or industrial association directly or indirectly participating in the selection or activities of the Code Authority shall (1) impose no inequitable restrictions on membership, and (2) submit to the Administrator true copies of its articles of association, by-laws, regulations, and any amendments when made thereto, together with such other information as to membership, organization, and activities as the Administrator may deem necessary to effectuate the purposes of the Act.

4. In order that the Code Authority shall at all times be truly representative of the industry and in other respects comply with the provisions of the Act, the Administrator may provide such hearings as he may deem proper, and may require an appropriate modification in the method of selection of the Code Authority.

5. Nothing contained in this Code shall constitute the members of the Code Authority partners for any purpose. Nor shall any member of the Code Authority be liable in any manner to anyone for any act or any other member, officer, agent or employee of the Code Authority. Nor shall any member of the Code Authority be liable to anyone for any action or omission to act under the Code, except for his willful misfeasance or non-feasance.

6. The Code Authority shall have the following powers and duties, to the extent permitted by the Act, and subject to the right of the Administrator, on review, to disapprove or modify any action taken by the Code Authority.

(a) To adopt a constitution, by-laws and rules and regulations for its procedure and for the administration and enforcement of this Code, and to submit the same to the Administrator for his approval together with true copies of any amendments or additions when made thereto, minutes or meetings when held, and such other information as to its activities as the Administrator may deem necessary to effectuate the purposes of the Act.

(b) To obtain through a confidential agency from the members of the industry reports based on periods of two, or four weeks, or multiples thereof, for use of the Code Authority and the Administrator in the administration and enforcement of this Code, and for the information of the President, and to give assistance to members of the industry in improving methods, and otherwise.

(c) To receive complaints of violations of this Code, make investigations thereof, provide hearings thereon and adjust such complaints, and bring to the attention of the proper authorities for prosecution recommendations and information relative to unadjusted violations.

(d) To use such trade associations and other agencies as it deems proper for the carrying out of any of its activities provided for herein and to pay such trade associations and agencies the cost thereof,

provided that nothing herein shall relieve the Code Authority of its duties or responsibilities under this Code and that such trade association and agencies shall at all times be subject to and comply with the provisions hereof.

(e) To coordinate the administration of this Code with such other codes, if any, as may be related to this industry, or any subdivisions thereof, and to delegate to any other administrative authority, with the approval of the Administrator, such powers as will promote joint and harmonious action upon matters of common interest.

(f) To secure an equitable and proportionate payment of the expenses of the maintaining the Code Authority and its activities from those members of the industry accepting the benefits of the activities of the Code Authority or otherwise assenting to this Code.

(g) To provide for an NRA Code insignia for the exclusive use of the members of the industry and to establish appropriate machinery for the issuance of such insignia. All articles subject to the provisions of this Code shall bear such an insignia and each member of the industry shall be entitled to the use of such insignia provided that they agree to and comply with the provisions of this Code. The Code Authority shall have the sole right to distirbute and sell such NRA Code insignia in this industry.

(h) To establish or designate an agency on planning and fair practice which shall cooperate with the Code Authority in developing fair trade practices and industrial planning, including the regularization and estabilization of employment for the industry.

(i) To initiate, consider, and make recommendations for the modification or amendment of this Code.

(j) To create as an agency of the Code Authority a JOINT INDUSTRIAL RELATIONS BOARD, consisting of an equal number of representatives of employers and employees, and an impartial chairman elected by the members of the Board, to investigate all matters of the Code relating to hours, wages, and general labor provisions, and to report their findings and recommendations to the Code Authority. The designated employee representatives shall be truly representative of the employees in this industry and shall be selected by such employees.

(k) To recommend provisions for a uniform cost system for each division of the industry which upon approval by the Administrator and after such notice of hearing as he shall prescribe shall become a part of this Code. Any member of the industry shall have the privilege of continuing any cost system, or of instituting any cost system suitable and adapted to his particular needs, provided that the selling price arrived at by the use of any such system shall not be less than the cost of that particular article which would be arrived at by the use of the uniform cost system recommended by the Code Authority and approved by the Administrator. Any such system approved by the Administrator shall involve only such elements of cost as may be reasonably necessary to assist in the administration and enforcement of this Code.

(l) To undertake, in conjunction with the Code Authorities of related industries, an investigation of style piracy and to recommend to the Administrator, within a reasonable period of time, appropriate means for the regulation and control of style piracy, which recommendations, upon the approval of the Administrator and after such notice and hearings as he may prescribe, shall become effective provisions of this Code.

(m) To make recommendations to the Administrator regarding the establishment in this industry of a system of unemployment insurance, which recommendations, upon the approval of the Administrator shall become effective provisions of this Code.

7. In addition to the information required to be submitted to the Code Authority as set forth in this Article, there shall be furnished to government agencies such statistical information as the Administrator may deem necessary for the purposes recited in Section 3(a) of the National Industrial Recovery Act.

8. An appeal from any action by the Code Authority affecting the rights of any employer or employee in the industry may be taken to the Administrator.

ARTICLE VII

Trade Practice Rules

1. For all purposes of this Code the acts described in this Article shall constitute unfair practices. Any member of the industry who shall, directly or indirectly, through any officer, employee, agent or representative, knowingly use, employ, or permit to be employed, and of such unfair practices shall be guilty of a violation to the Code.

2. No member of the industry shall use advertising, whether printed, radio, display or of any other nature, or other representation which is inaccurate in any material particular or in any way misrepresent any commodity, including its use, trade-mark, grade, quality, quantity, origin, size, material content or preparation, or credit terms, values, policies, services, or the nature or form of the business conducted.

3. No member of the industry shall use advertising or selling methods or credit terms which tend to deceive or mislead the customer or prospective customers.

4. No member of the industry shall withhold from or insert in any quotation or invoice any statement that makes it inaccurate in any material particular.

5. No member of the industry shall brand or mark or pack any commodity in any manner which tends to deceive or mislead purchasers with respect to the brand, grade, quality, quantity, origin, size, material content or preparation of such commodity.

6. No member of the industry shall use advertising or other representation which refers inaccurately in any material particular to any competitors or their commodities, prices, values, credit terms, policies or services.

7. No member of the industry shall publish or circularize unjustified or unwarranted threats of legal proceedings which tend to harass or have the effect of harassing, competitors or intimidating their customers.

8. No member of the industry shall secretly offer to make any payment or allowance of a rebate, refund, commission, credit, unearned discount or excess allowance, whether in the form of money or otherwise, for the purpose of influencing a sale, nor shall a member secretly extend to any customer any special service or privilege not extended to all customers of the same class.

9. No member of the industry shall ship commodities on consignment or memorandum.

10. No member of the industry shall give, permit to be given, or offer to give, anything of value for the purpose of influencing or rewarding the action of any employee or agent of another in relation to the business of the employer of such employee or the principal or such agent without the knowledge of such employer or principal.

11. No member of the industry shall attempt to induce the breach of an existing contract between a competitor and his employee or customer or source of supply; nor shall any member of the industry interfere with or obstruct the performance of such contractual duties or services.

12. The maximum credit terms of sale for this industry shall be 3/10 E.O.M.; anticipation to be allowed at the rate of six per cent (6%) per annum.

13. No member of the industry shall pay directly or indirectly any part of the advertising expenses of any purchaser, prospective purchaser or their agents.

14. No member of the industry shall accept the return of any merchandise shipped to a purchaser, nor allow credit therefore, nor exchange merchandise where the merchandise has been shipped in accordance with specifications and within the specified time and where the merchandise has been in the possession, actual, or constructive or the purchaser for more than five days.

15. No member of the industry shall sell merchandise below his own individual cost as computed by the uniform cost system provided in Article VI, Section 6 (k) of this Code, except that a member of the industry may meet the price competition of another member of the industry whose cost, as computed by said uniform cost system, may be lower and except that this provision shall not apply to the sale of distressed merchandise.

16. No member of the industry shall dispose of distressed merchandise at prices below the cost of his lowest cost competitor or, if such member may himself be the lowest cost manufacturer, below his own individual cost, unless such member notify the Code Authority immediately after disposal of such distressed merchandise, along with such information as the Code Authority and the Administrator may prescribe. General fall competitive items may not be sold as distressed merchandise during the period of _____ and general spring competitive items shall not be sold as distressed merchandise during the period of _____.

ARTICLE VIII

Modification

1. This Code and all the provisions thereof are expressly made subject to the right of the President, in accordance with the provisions of subsection (b) of Section 10 of the National Industrial Recovery Act, from time to time to cancel or modify any order, approval, license, rule, or regulation issued under Title I of said Act and specifically, but without limitation, to right of the President to cancel or modify his approval of this Code or any conditions imposed by him upon his approval thereof.

2. This Code, except as to provisions required by the Act, may be modified on the basis of experience or changes in circumstances, such modification to be based upon application to the Administrator and such notice and hearing as he shall specify, and to become effective on approval by the President.

ARTICLE IX

Monopolies, Etc.

No provision of this Code shall be so applied as to permit monopolies or monopolistic practices, or to eliminate, oppress, or discriminate against small enterprises.

ARTICLE X

Price Increases

Whereas the policy of the Act to increase real purchasing power will be made impossible of consummation if prices of goods and services increase as rapidly as wages, it is recognized that price increases should be delayed. But when made such increases should, so far as possible, be limited to actual increases in the seller's costs.

ARTICLE XI

Effective Date

This Code shall become effective on the second Monday after its approval by the President.

EXHIBIT A

PART 5

AS REVISED AUGUST 18, 1933 AND ONLY CONTAINING CHANGED PORTIONS
PROPOSED CODE

of

FAIR COMPETITION

for the

LADIES' HANDBAG INDUSTRY

As revised,
November 24, 1933.

Applicant

ASSOCIATED HANDBAG INDUSTRIES OF AMERICA, INC.

303 Fifth Avenue

New York, N. Y.

ARTICLE I

Purposes

***

ARTICLE II

Definitions

1. The term "Industry" as used herein includes the manufacture of ladies', misses' and children's handbags, pocketbooks and purses, manufactured of any material of any kind or nature.

2. ***

3. ***

4. The term "member of the industry" includes anyone engaged in the industry, either as an employer or on his own behalf and either as manufacturer, manufacturing jobber or contractor.

5. ***

ARTICLE III

Hours

***

ARTICLE IV

Wages

1. Except as hereinafter provided no employee shall be paid at less than the rate of thirty-five cents (35¢) per hour when employed within Greater New York and the immediate vicinity thereof, nor less than thirty cents (30¢) per hour when employed outside Greater New York and the immediate vicinity thereof.

2. Persons learning an occupation shall be paid not less than eighty per cent (80%) of the minimum wage which prevails in such occupation, and the number of such workers shall not exceed fifteen per cent (15%) of the number of employees of any one employer and no person shall be employed as a learner for a period in excess of three (3) months irrespective of whether they are employed by one or more employers.

3. ***

4. ***

5. The Code Authority shall be empowered to establish such basic rates as they find necessary and upon the approval of the Administrator and the President and after such notice and hearings as he may prescribe, shall become effective provisions of this Code.

ARTICLE V

General Labor Provisions

1. ***

2. ***

3. ***

4. ***

5. ***

6. ***

7. ***

8. ***

9. ***

10. ***

11. No member of the industry shall give out work to be performed in any home or dwelling place. This provision shall not apply to hand beading, hand crocheting or hand embroidery.

12. ***

13. ***

ARTICLE VI

Administration

1. A Code Authority is hereby constituted to cooperate with the Administrator in the administration of this code.

2. The Code Authority shall consist of not more than eleven (11) members to be selected from such groups and in such numbers as the Administrator may designate and shall be truly representative of the Industry.

3. ***

4. ***

5. ***

6. ***

7. ***

8. ***

ARTICLE VII

Trade Practice Rules

1. ***

2. ***

3. ***

4. ***

5. ***

6. ***

7. ***

8. ***

9. ***

10. ***

11. ***

12. ***

13. ***

14. ***

15. ***

16. No member of the industry shall dispose of distressed merchandise unless such member notify the Code Authority immediately after disposal of such distressed merchandise, along with such information as the Code Authority and the Administrator may prescribe. General fall competitive items shall not be sold as distressed merchandise prior to December 26, general spring competitive items shall not be sold as distressed merchandise prior to Mothers' Day, and general summer competitive items shall not be sold as distressed merchandise prior to July 4.

ARTICLE VIII

Modification

***

ARTICLE IX

Monopolies, Etc.

***

ARTICLE X

Price Increases

***

ARTICLE XI

Effective Date

***

EXHIBIT A

PART 6

AS REVISED AUGUST 18, 1933 AND ONLY CONTAINING CHANGED PORTIONS
(Draft of December 8, 1933)

CODE OF FAIR COMPETITION FOR THE LADIES' HANDBAG INDUSTRY

ARTICLE I

PURPOSE

***

ARTICLE II

DEFINITIONS

1. The term "Industry" as used herein includes the manufacture of ladies', misses', and children's handbags, pocketbooks, and purses, manufactured of any material of any kind or nature.

2. through 5. ***

ARTICLE III

HOURS

***

ARTICLE IV

WAGES

1. Except as hereinafter provided, no employee shall be paid at less than the rate of thirty-five cents (35¢) per hour when employed within Greater New York and the immediate vicinity, thereof, nor less than thirty cents (30¢) per hour when employed outside Greater New York and the immediate vicinity thereof.

2. Pending further investigation, the Administrator may, under exceptional circumstances, and upon such conditions as he may prescribe, permit a member of the industry to employ learners at rates below the minimum wage herein established, provided that in no case shall such lower rates be less than eighty per cent (80%) of such minimum wage.

3. ***

4. ***

5. Hereafter, the Administrator may, with the approval of the President and after full study and investigation, establish, as a part of this Code, such basic rates for the more skilled classes of employees as may be necessary to further effectuate the purposes of the Act.

ARTICLE V

GENERAL LABOR PROVISIONS

1. No person under sixteen years of age shall be employed in the industry in any capacity and no person under eighteen (18) years of age shall be employed at any manufacturing operation in the industry. Within thirty (30) days after the effective date of this Code, the Code Authority shall submit to the Administrator a list and description of such operations.

2. through 13. ***

ARTICLE VI

ADMINISTRATION

1. A Code Authority is hereby constituted to cooperate with the Administrator in the administration of this code.

2. The Code Authority shall consist of not more than eleven (11) members to be selected in the manner hereinafter set forth:

(a) Three (3) members shall be appointed by the Associated Handbag Industries of America, Inc.;

(b) Three (3) members shall be appointed by the National Association of Ladies' Handbag Manufacturers;

(c) One (1) member shall be appointed by the Industrial Council of Leather Goods Manufacturers, Inc.;

(d) One (1) member shall be appointed by the Midwest Handbag and Small Leather Wares Association, Inc.;

(e) One (1) member shall be appointed by the Ladies' Handbag Manufacturers of the Pacific Coast;

(f) One (1) member shall be appointed by the Administrator on the nomination of the Labor Advisory Board, and shall serve without expense to the industry; and

(g) One (1) member shall be appointed by the Administrator to represent the Administration and shall serve without expense to the industry.

3. ***

4. ***

5. ***

6. Members of the Industry shall be entitled to participate in and share the benefits of the activities of the Code Authority and to participate in the selection of the members thereof by assenting to and complying with the requirements of this Code and sustaining their reasonable share of the expenses of its administration. Such reasonable share of the expenses of administration shall be determined by the Code Authority subject to review by the Administrator on the basis of volume of business and/or such other factors as may be deemed equitable.

7. ***

(a) To insure the execution of the provisions of this Code and provide for the compliance of the Industry with the provisions of the Act and in particular, but without limitation, to receive complaints of violations of this Code, make investigations thereof, provide hearings thereon and adjust such complaints and bring to the attention of the proper authorities for prosecution, recommendations and information relative to unadjusted violations.

(b) To adopt a constitution, by-laws, and rules and regulations for its procedure and for the administration and enforcement of this Code, and to submit the same to the Administrator for his approval, together with true copies of any amendments or additions when made thereto, minutes of meetings when held, and such other information as to its activities as the Administrator may deem necessary to effectuate the purposes of the Act.

(c) To obtain from members of the industry such information and reports as are required for the administration of the Code and to provide for submission by members of such information and reports as the Administrator may deem necessary for the purposes recited in Section 3(a) of the Act, which information and reports shall be submitted by members of such administrative and/or government agencies as the Administrator may designate; provided that nothing in this Code shall relieve any member of the industry of any existing obligations to furnish reports to any government agency. No individual reports shall be disclosed to any other member of the industry or any other party except to such governmental agencies as may be directed by the Administrator,

(d) through (j). ***

8. ***

ARTICLE VII

NRA LABEL

1. All merchandise manufactured subject to the provisions of this Code shall bear an NRA label to symbolize to purchasers of said merchandise the conditions under which it has been manufactured.

2. Under the powers vested in the Administrator by Executive Order of October 14, 1933, and under grant of the necessary authority by him, the Code Authority shall have the exclusive right in this industry to issue and sell said labels to the members thereof.

3. Each label shall bear a registration number especially assigned to each member of the industry by the Code Authority, and shall remain attached to all such merchandise when sold to the retail distributor.

4. Any and all members of the industry may apply to the Code Authority for a permit to purchase and use such NRA label, which permit to use the label shall be granted to them, but only if and so long as they comply with this Code.

5. Subject to the approval of the Administrator, the Code Authority shall establish rules and regulations and appropriate machinery for the issuance and sale of labels and the inspection, examination and supervision of the practices of members of the industry using such labels for the purposes of ascertaining the right of such members of the industry to the continued use of said labels; of protecting purchasers in relying on said labels; and of insuring to each individual member of the industry that the symbolism of said label will be maintained by virtue of compliance with the provisions of this Code by all other members of the industry using said label.

6. The charge made for such labels by the Code Authority shall at all times be subject to supervision and orders of the Administrator.

ARTICLE VIII

TRADE PRACTICE RULES

***

ARTICLE IX

MODIFICATION

***

ARTICLE X

MONOPOLIES, ETC.

***

ARTICLE XI

PRICE INCREASES

***

ARTICLE XII

EFFECTIVE DATE

***

EXHIBIT A

PART 7

AS REVISED AUGUST 18, 1933 AND ONLY CONTAINING CHANGED PORTIONS
(Draft of December 12, 1933)

CODE OF FAIR COMPETITION
FOR THE
LADIES' HANDBAG INDUSTRY

ARTICLE I

PURPOSE

***

ARTICLE II

DEFINITIONS

***

ARTICLE III

HOURS

1. ***

2. No person employed in shipping, clerical, or office work, unless he is employed in a managerial or executive capacity and earns not less than thirty-five dollars ($35.00) per week, shall be permitted to work in excess of forty (40) hours per week averaged over any one (1) month period.

3. The provisions of this Article shall not apply to watchmen or outside salesmen.

4. ***

5. ***

ARTICLE IV

WAGES

1. Except as hereinafter provided, no employee shall be paid at less than the rate of thirty-five (35¢) per hour when employed within the City of New York the territory embraced within a radius of thirty-five miles of Columbus Circle, nor at less than the rate of thirty (30¢) per hour when employed in any other part of the United States.

2. Pending further investigation, the Administrator may, under exceptional circumstances, and upon such conditions as he may prescribe, permit a member of the industry to employ learners at rates below the minimum wage herein established, provided that in no case shall such lower rates be less than eighty per cent (80%) of such minimum wage.

3. ***

4. ***

5. Hereafter, the Administrator may, with the approval of the President and after full study and investigation, and after such notice and hearing as he shall prescribe, establish, as a part of this code, such basic rates for the more skilled classes of employees as may be necessary to further effectuate the purposes of the Act.

ARTICLE V

GENERAL LABOR PROVISIONS

1. through 10. ***

11. No member of the Industry shall give out work to be performed in any home or dwelling place, except that this prohibition shall not apply to handbeading, handcrocheting or handembroidering, and except that hand sewing at home shall be permitted until July 1, 1934, but shall not be permitted thereafter. The Code Authority shall, in conjunction with such state governments and such departments of the Federal Government and such other agencies as the Administrator may designate, study and investigate the problem of homework in this Industry, and shall make to the Administrator recommendations for the effective and appropriate control of such homework as is herein permitted. Should the Administrator find it to the best interest of the industry or to the best interests of labor or otherwise necessary to further effectuate the purposes of the Act, he may further restrict, or wholly prohibit, the practice of homework in this industry.

12. and 13. ***

ARTICLE VI

ADMINISTRATION

***

ARTICLE VII

NRA LABEL

***

ARTICLE VIII

TRADE PRACTICE RULES

***

ARTICLE IX

MODIFICATION

***

ARTICLE X

MONOPOLIES, ETC.

***

ARTICLE XI

PRICE INCREASES

***

ARTICLE XII

EFFECTIVE DATE

***

EXHIBIT A

PART 8

AS REVISED AUGUST 18, 1933 AND ONLY CONTAINING CHANGED PORTIONS

Draft of Dec. 21, 1933

ARTICLE I

PURPOSE

***

ARTICLE II

DEFINITIONS

***

ARTICLE III

HOURS

***

ARTICLE IV

WAGES

***

ARTICLE V

GENERAL LABOR PROVISIONS

***

ARTICLE VI

ADMINISTRATION

***

ARTICLE VII

NRA LABEL

***

ARTICLE VIII

TRADE PRACTICE RULES

Section 1 through 13. ***

14. No member of the industry shall accept the return of any merchandise shipped to a purchaser, nor allow credit therefore, nor exchange merchandise where the merchandise has been shipped in accordance with specifications and within the specified time, nor where the merchandise has been in the possession of the purchaser for more than seven (7) days.

15.& 16. ***

ARTICLE IX

MODIFICATION

***

ARTICLE X

MONOPOLIES, ETC.

***

ARTICLE XI

PRICE INCREASES

***

ARTICLE XII

EFFECTIVE DATE

***

E X H I B I T B

Classified List of Manufacturers
[illegible] 3 Parts

EXHIBIT "B"
Part 1

NEW YORK LIST

PRICE RANGE.

Retail

Up to $1.00. . . . . A
$1.95 and $2.95 . . . . . B
$4.95 C
Over $4.95 . . . . . D

CLASSIFICATION

Manufacturer . . . . . M
Manufacturing Jobber . . . . . J

NEW YORK LIST

NAME	ADDRESS	PRICE RANGE	CLASSIFICATION
A & A Bag NoveltyCo., Inc.	54 W. 21st St.	A&B	M
Acme Handbag Corp.	1 W. 34th St.	B	"
Adams, H. A. & Co., Inc.	36 E. 31st St.	D	"
Amdur, Lange & Sobel, Inc.	699 E. 135th St., Bronx	A&B	"
American Handbag Co.	39 Broome St.	A	"
Amerloid Company	505 Court St., Brooklyn	A	"
Anchor Handbag Company	693 Broadway	B	"
Anish, A.	1261 Broadway	C&D	"
Annette Handbag Co.	38 W. 32nd St.	B&C	"
Appel, B., Inc.	10 W. 33rd St.	B&C	"
Artistic Bag & Neckwear Co., Inc.	1209 Broadway	B	"
Artistique Bag Corp.	14 E. 32nd St.	B&C	"
Art Style Novelty Co.	185 22nd St., Brooklyn	A&B	"
Associated Needlecrafts	8 E. 13th St.	ABC	"
Astorloid Mfg. Co.	17 Hopkins St., Brooklyn	A&B	"
Avon Leather Novelty Co.	21 W. 31st St.	A	"
B&S Specialty Co.	187 Mercer St.	BCD	"
Bagfair, Inc.	302 Fifth Ave.	B&C	"
Banita Leather NoveltyCo., Inc.	148 W. 23rd St.	ABC	"
Banner Bros., Inc.	136 W. 21st St.	---	J
Banwer Mfg. Co., Inc.	315 Fifth Ave.	A	M
Barclay Handbag Co.	6 W. 18th St.	B	"
Barnett Mfg. Co.	32 Union Square	A	"
Beaux Arts Bag Co.	25 W. 31st St.	A&B	"
Berman Bag, Inc.	33 W. 34th St.	B&C	"
Bienen-Davis, Inc.	31 E. 32nd St.	C&D	"
Biltmore Bag Corp.	11 W. 30th St.	B	"
Blatt, A.	38 W. 32nd St.	B	"
Bloom, Charles, Inc.	15 W. 26th St.	B	"
Blum & Marcus, Inc.	38 W. 32nd St.	B	"
Brickman & Co.	11 W. 30th St.	B	"
Bryon & Bandy, Inc.	873 Broadway	D	"
C&S Bag Company	24 W. 25th St.	B	"
Carnegie, Hattie Shops	42 E. 49th St.	C	"
Carole Bags Corp.	10 E. 38rd St.	B&C	"
Century Handbag Co.	315 Fifth Ave.	A	"
Character Bags, Inc.	26 Waverly Place	B	"
Charles Handbag, Inc.	22 W. 32nd St.	B	"
Coblenz & Company	6 W. 32nd St.	D	"
Cohn & Rosenberger, Inc.	47 W. 34th St.	BCD	"
Colonial Bead Co., Inc.	22 W. 38th St.	ABC	"
Consolidated Trimming Co.	27 W. 23rd St.	A	"
Crochet Novelty Mills	54 W. 21st St.	A&B	"
Customcraft Leather Goods Co.Inc.	40 W. 17th St.	A	"

NEW YORK LIST 10-17-35

NAME	ADDRESS	PRICE RANGE	CLASSIFICATION
Dalsheim, M. & Co., Inc.	302 Fifth Ave.	B&C	M
DeAlteris, M.	38 W. 32nd St.	ABCD	"
Deauville Bags Inc.	11 W. 30th St.	C&D	"
Deitsch Bros.	36 E. 31st St.	C&D	"
Dekelman Bag Co.	7 W. 36th St.	ABC	"
DeLuxe Handbag Co.	162 Madison Ave.	B	"
Demerer Bros.	42 E. 20th St.	B&C	"
Deamond Bag Mfg. Corp.	45 W. 46th St.	D	"
Dickstein Boord & Co.	135 W. 17th St.	A	"
Dobuler & Son Leather Goods Co.	12 W. 32nd St.	B	"
Dormar Bag Company	1225 Broadway	A&B	"
Dritz-Traum Co., Inc.	11 E. 26th St.		
Eckhaus, M. H.	4 W. 32nd St.	A	"
Elk Bag Company	11 W. 30th St.	D	"
Ellas Knitting Mills, Inc.	77 Spring St.	A	"
Emkay Handbag	2581 Atlantic Ave., Bklyn.	BCD	"
Empress Handbag Co.	50 W. 29th St.	A	"
Excellent Leather Goods Co.	36 E. 10th St.	A	"
Feller Bros.	675 Broadway	A	J
Fine Arts Novelty Bag Co.	10 W. 33rd St.	B&C	"
Fishbein & Co., Inc.	39 W. 32nd St.	B&C	"
Flax, Charles & Son	450 Broome St.	C&D	"
Franco-American Leather Goods Co.	303 Fifth Avenue	A	"
George Frank & Company	171 Green St.	B	M
Frank, M. H.-Rialto Co., Inc.	23 E. 26th St.	A	"
French Bag Shop	23 E. 48th St.	A	"
Fried & Scheinberg, Inc.	45 E. 20th St.	A	"
J & A Friedberg, Inc.	971 Third Ave., Bklyn.	A	"
Friedman, Lobel, Inc.	38 W. 32nd St.	B	"
Galek, Hilel	781 Prospect Ave., Bronx	B	M
Gem Bag Company	307 Fifth Avenue	B	J
J & P George	347 W. 37th St.	C&D	M
Ginzburg, J. & Sons	102 Prince St.	A	"
Goldberg, Gus Company	35 W. 32nd St.	B	J
Goldflam Leather Goods Co.	15 W. 24th St.	A	M
Gold Seal Importers, Inc.	30 E. 33rd St.	BCD	"
Goldstein-Rosenfield, Inc.	303 Fifth Ave.	BCD	J
Graceline Handbags, Inc.	20 W. 33rd. St.	B	M
Halberstadt, Inc.	10 E. 33rd St.	BCD	M
Hawes, Elizabeth, Inc.	21 E. 67th St.	B	"
Herman Bag Corp.	6 W. 32nd St.	D	"
Herman Novelty Co., Inc.	104 S. 4th St., Bklyn.	A	"
Hilf Bag Mfg. Co., Inc.	333 Fifth Avenue	BCD	"
Hobe, Cie	566 Seventh Ave.	D	"
Hraba, Louis W. Co., Inc.	29 E. 19th St.	ABCD	"
Hortenau, Alfred J.	39-18 51st St., Woodside Long Island	A	"

NEW YORK LIST 10-17-35

NAME	ADDRESS	PRICE RANGE	CLASSIFICATION
Ideal Leather Suspender Trim. Co.	433 Broadway	B	M
Import Bag & Bead Corp.	15 E. 32nd St.	BCD	M
Irving Handbag Co.	307 Fifth Ave.	A	J
Israel, Jack, Inc.	14 E. 32nd St.	B&C	M
June, D.	92 E. 10th St.	D	M
Junvenile Co., Inc.	40 W. 22nd St.	A&C	M
K. G. B. Leather Goods Co.	9[illegible] W. 31st St.	B	M
Kadin Bros.	20 W. 32rd St.	B	"
Kaplan & Gordon	6 W. 32nd St.	ABCD	"
Kasnowitz, Mac & Sons	198 Canal St.	A	"
Kirk, Varso	314 E. 306th St.	D	"
Klein, Louis Co.	307 Fifth Avenue	A	J
Kleinert Rubber Co.	485 Fifth Avenue	A	"
Koppel, Jay Company	24 W. 30th St.	B	"
Koret, Inc.	33 E. 32rd St.	D	M
Kraus, Loeb Handbag Co.	500 Broadway, Bklyn	A	"
Kregler Leather Goods Co.	1481 Myrtle Ave., Bklyn.	B&C	"
LaRue Bag Company	9 W. 31st St.	C&C	"
Leon Ace Import Co.	10 E. 33rd St.	ABC	"
Lesser Bag, Inc.	77 Washington Av. Bklyn	B	"
Lewis, Nat, Purses, Inc.	130 W. 30th St.	D	"
Librick, A. & Sons	334 Bowery	A	"
Lincoln Leather Goods Co.	6 W. 32nd St.	A&B	"
Lind, Martha	516 Fifth Avenue	BCD	"
Lorraine Novelty Mfg. Co., Inc.	352 Fourth Avenue	B	"
Lowy & Mund	200 W. 23th St.	A	"
Lujean Evening Bags, Inc.	130 Madison Avenue	BCD	"
Lustgarten, B.	165 W. 26th St.	A	"
M. S. Novelty Co., Inc.	38 W. 38th St.	A	J
Mack, Betty R.	140-10 Franklin, Flushing	C	"
Made Right Bag Co., Inc.	110 W. 27th St.	A	M
Magid, A. I. Company	14 E. 33rd St.	BCD	"
Mailot & Company	12 E. 50th St.	BCD	"
Marino, C.	125 Lexington Ave.	ABC	"
Markay Bags, Inc.	30 E. 32rd St.	A	"
Markel, Inc.	15 E. 32nd St.	C&D	"
Maroquinerie de France	150 E. 28th St.	A&B	"
Marvel Bag Company	29 W. 36th St.	A&B	"
Mastercraft Bags, Inc.	10 W. 33rd St.	C&D	"
Maxon Mfg. Co.	12 E. 32nd St.	A&B	"
Meisel Company	38 W. 32nd St.	B&C	"
Merit Leather Goods Co.	14 E. 33rd St.	B	"
Metter, M.	24 W. 30th St.	A	"
Meyer Leather Goods Co.	147 W. 25th St.	A	"
Miller, Penn	27 W. 57th St.	D	"
Modern Handbag Co.	38 W. 32nd St.	A&B	"
Morgenstern & Brosseau	38 W. 32nd St.	B&C	"

NEW YORK LIST 10-17-35

NAME	ADDRESS	PRICE RANGE	CLASSIFICATION
Moskowitz, Harry & Co., Inc.	1225 Broadway	A	J
Murray, James C. Co., Inc.	250 E. 43rd St.	ABCD	M
Nadelhaft Bag Company	11 W. 30th St.	C&D	M
Nadler Leather Goods	130 W. 30th St.	B	"
Nayda Bag Company	11 W. 30th St.	B	"
New York Art Bag Company	4 W. 32nd St.	A	"
New York Bag Co., Inc.	22 W. 32nd St.	A&B	"
Nibur, William	2432 Broadway	A&B	"
Novelty Handbag Company	10 E. 33rd St.	C	"
Our Bag Corporation	228 Grand St., Bklyn.	A	"
P & R Leather Goods	221 Powell St., Bklyn	A	"
Parisian Handbag, Inc.	7 W. 30th St.	A	"
Paristyle Bags Company	20 W. 33rd St.	BCD	"
Paulbo Company	22 W. 32nd St.	ABC	"
Perfection Belt Mfg. Co.	38 W. 32nd St.	A	"
Pierce Handbag Company	9 W. 31st St.	BCD	"
Pine Brothers	1421 E. N. Y. Ave., Bklyn	A	"
Ponch, G.	32 Union Square	B	"
Popular Handbag Corp.	28 W. 25th St.	A	"
Powers & Lichtman	53 W. 23rd St.	A&B	J
Prime Handbag Company	252 Penna. Ave., Bklyn	A	M
Princess Handbag Company	303 Fifth Avenue	A	"
Pyramid Leather Goods Co.	6 W. 32nd St.	BCD	"
Rainbow Leather Goods Co.	30 E. 10th St.	A	"
Rath, Wm. C. Company	31 E. 32nd St.	BCD	"
Reiman, J.	3 W. 29th St.	B&C	"
Richley Handbag Company	14 E. 33rd St.	A	"
Ritter & Daschman	3 W. 29th St.	B&C	"
Ritter & Ritter	14 E. 33rd St.	B	"
Robbins & Weitz, Inc.	38 W. 32nd St.	B	"
Roodelheimer, Edgar, Inc.	303 Fifth Avenue	D	J
Rose Leather Goods	693 Broadway	A	M
Rose, S. B. Company	225 Fifth Avenue	A&B	"
Harry Rosenfeld	130 Madison Avenue	B	"
Roth, Harry	14 E. 33rd St.	A	"
Roth, Max	491 Broadway	A	"
Rout, Rosenthal Company	22 W. wqnd St.	B	"
Rubin Leather Goods Corp.	6 W. 32nd St.	B&C	"
Rubin, T.	108 E. 19th St.	A	"
Ruby Bags, Inc.	180 Madison Avenue	B	"
Sachs Brothers	79 Fifth Avenue	A	"
Salon Novelty Bags Inc.	19 E. 22nd St.	A	"
Saniton Specialty Co., Inc.	148 W. 23rd St.	A&B	"
Schoenholtz & Weeks, Inc.	15 E. 32nd St.	C&D	"
Schwab & Rebell	126 W. 46th St.	D	"
Schwartz-Weisberg Handbag Co.	15 E. 32nd St.	A&B	"

NEW YORK LIST 10-17-35

NAME	ADDRESS	PRICE RANGE	CLASSIFICATION
Seidman & Glickstein	93 Crosby St.	A	M
Service Handbag Company	12 W. 32nd St.	A	"
Siegel, A. L. Co., Inc.	20 W. 22nd St.	A	"
Silver, M.	149 Ashford St., Bklyn.	A	"
Sims, J.	39 W. 32nd St.	B	"
Sloane Bros.	14 E. 32nd St.	A&B	"
Spring Crochet Company	50 Spring St.	A&B	"
Stair, David	35 W. 32nd St.	A	"
Stanley & Stanley, Inc.	325 Fifth Avenue	C&D	"
Stein-Drew Corporation	1214 Broadway	B	J
Steinman Co., Inc.	20 W. 34rd St.	BCD	M
Steinman, Louis I.	2[illegible] E. 10th St.	A	"
Stone, Harry S., Inc.	6 W. 32nd St.	C&D	"
Style Bag Company	24 W. 25th St.	A	"
Superb Leather Goods Company	220 Alabama Ave., Bklyn.	A	"
Tailored Handbag Company	19 E. 48th St.	C	J
Texloid Handbag Company	307 Fifth Avenue	A	"
Triangle Leather Goods Company	608 Broadway	A	M
U. S. Pillow Corporation	11 E. 26th St.	A	M
Unique Style Alligator Bag Co.	147 W. 26th St.	B&CD	"
Vanity Fair Bag Co., Inc.	1261 Broadway	B	J
Variety Leather Goods Corp.	39 W. 32nd St.	C&D	M
Vienna Bag Co., Inc.	34 W. 46th St.	B&C	"
Vogue Leather Goods Corp.	114 W. 30th St.		
Wagman & Company	133 W. 25th St.	A	"
Warner Manufacturing Company	49 E. 8th St.	A&B	"
Weinman, Max, Inc.	46 W. 20th St.	A	"
Weisberg, N. Co., Inc.	110 W. 17th St.	B&C	"
Wolfe, M. E. Company	303 Fifth Avenue	ABC	J
Wollison Company, Inc.	42 W. 33rd St.	C&D	M

EXHIBIT "B"

PART 2

OUT OF TOWN LIST

PRICE RANGE

Retail

Up to $1.00.....A
$1.95 and $2.95.....B
$4.95.....C
Over $4.95.....D

CLASSIFICATION

Manufacturer.....M
Manufacturing Jobber.....J

OUT OF TOWN LIST

NAME	ADDRESS	CITY	STATE	Price RANGE	CLASSIFICATION	
Aarenau & Wolf, Inc.	--------	Fall River,	Mass.	B&C	M	
Adolph Leather Goods	3641 West 26th Street	Chicago,	Ill.	A	"	
Aetna Leather Novelty	--------	Union City,	N.J.	A	"	
Allen Leather Goods Co.	--------	Allentown,	Pa.	A	"	
Amity Leather Products Co.	4th Ave. at Locust St.	West Bend,	Wis.	BCD	"	
Arrow Leather Goods Co.	325 S. Market Street	Chicago,	Ill.	A&B	"	
K. Atsales	513 Boston Street	W. Lynn,	Mass.	C&D	"	
D. Balazs	251 Post St.	San Francisco,	Cal.	C&D	"	
L. G. Balfour Co.	----	Attleboro,	Mass.	D	"	
Beacon Leather Goods Co.	----	Bridgeport,	Conn.	A	"	
Better Bag Co.	Smith & 3rd St.	Newburgh,	N.Y.		"	
Black Mfg. Co.	19-21 W. 4th St.	Pennsburg,	Pa.	A	"	
Alphonse Bollack, Ltd.	783 Mission St.	San Francisco,	Cal.	B&C	"	
Bosca, Inc.	-----	Marion,	Ohio	A&B	"	
Hugo Bosca Co.	------	Springfield,	Ohio	BCD	"	
Braided Fabric Co.	253 Harrison St.	Providence,	R.I.	A	"	
Max Brill's Sons, Inc.	----	Pittsfield,	Mass.	BCC	"	
Brynmore Leather Gds. Co.	20 Jelin Street	New Brunswick,	N.J.	AB	"	
The Buckeye Leather Co.	Chestnut Street	Coshocton,	Ohio	D	"	
Chas. Burstein & Bros.	-----	Easton,	Pa.	ABC	"	
Cameo Hand Bag, Inc.	Kirk Bldg.	Bridgeport,	Conn.	A	"	
Angelos Cassaris	2 Murray Street	W. Lynn,	Mass.	D	"	
Century Leather Gds. Co.	6235 Patterson Ave.	Chicago,	Ill.	C	"	
Nicholas Chakoutis	49 Wyman Street	W. Lynn,	Mass.	BC	"	
Classy Leather Gds. Corp.	7-29 Canal St.	Middletown,	N.Y.	A	"	
The Coed Hand Bag Co.	213 Institute Place	Chicago,	Ill.	AB	"	
Concey Handbag Co.	----	Long Island,	N.Y.	D	"	
Cordova Shops, Inc.	1399 West Ave.	Buffalo,	N.Y.	BC	"	
Cornell Mfg. Co.	21-27 Gordon Ave.	Providence,	R.I.	A	"	
Crescent Leather Goods	15 Snow Street	Providence,	R.I.	AB	"	
Crystal Co.	85 Vroom St.	Jersey City,	N.J.	CD	"	
Crystal Leather Gds. Co.	320 W. Adams St.	Chicago,	Ill.	ABC	"	
Davis-Alberts Co. Inc.	99 Chauncy St.	Boston,	Mass.	A	J	
The Dorothy Designs	507 Textile Tower	Seattle,	Wash.	ABC	M	
Andrew Dougenis	46 Wyman St.	Lynn,	Mass.	A	"	
Eagle Leather Goods	173 Summer Street	Boston,	Mass.	A	"	
Economy Products Corp.	512 S. Peoria St.	Chicago,	Ill.	B	"	
Eisman Kaye Co.	23 S. Franklin St.	Chicago,	Ill.	B	"	
Elite Leather Goods Co.	42 Summer St.	Boston,	Mass.	AB	"	
Enger-Kress Co.	----	West Bend,	Wis.	BCD	"	
Enterprise Accessories, Inc.	38 School Street	Greenfield,	Mass.	C	"	
Equitable Handbag Co.Inc.	191 Redmond St.	New Brunswick,	N.J.	A	"	
Fancy Leather Goods Co.	305 Grant Ave.	San Francisco,	Cal.	BCD	"	
Fancy Leather Goods Co.	36 Hopkins Place	Baltimore,	Md.	A	"	
Fashion Bag & Leath.Nov. Co.	31 E.Kinney St.	Newark,	N.J.	A	"	

OUT OF TOWN LIST

NAME	ADDRESS	CITY	STATE	Price Range	Classification
Fashion Ladies Handbag Co.	234 S.Market St.	Chicago,	Ill.	B	M
Forst & Co.	253 N. 12th St.	Philadelphia,	Pa.	ABC	"
M. J. Fox & Co.	N.E.Pratt & Greene Sts.	Baltimore,	Md.	ABC	"
H. B. Franklin	130 Essex Street	Boston,	Mass.	AB	"
Franklin Bag Co.	26 Wingate Street	Haverhill,	Mass.	A	"
Ganson Mfg. Corp.	365 Market Street	San Francisco,	Cal.	B	M
Geffen-Weene Bag Co. Inc.	111 Beach Street	Boston,	Mass.	AB	"
Gindoff & Grunther, Inc.	19 S. Plainfield Ave.	Plainfield	N.J.	A	"
Gitlin Bros.& Rush, Inc.	232 N. 11 Street	Philadelphia	Pa.	AB	"
Moe Gleicher	972 Springfield Ave.	Irvington,	N.J.	D	"
G. R. Godfrey Co.	14 Pearl Street	Gardner,	Mass.	BC	"
Goldberg Bros.Handbags,Inc.	Liberty Street	Newburgh	N.Y.	A.	"
Goldberg & Seltzer, Inc.	12 No. Cherry St.	Poughkeepsie,	N.Y.	AB	"
Goldsmith Bros.	315 Linden St.	Allentown,	Pa.	ABCD	"
B.M.Goldstein & Son	709 Mission St.	San Francisco,	Cal.	AB	"
Gould Hand Bag Co.	----	Boonton,	N.J.	B	"
Grace-Mae Leather Goods Co.	30 S. Wells St.	Chicago,	Ill.	B	"
Irving Guberman Bag Co.	110 Lincoln St.	Boston,	Mass.	A	J
Hamilton Leather Goods Co.	27 S.Franklin St.	Boyertown,	Pa.	BC	M
Harlic Bag Co.	Webster St.	So.Norwalk,	Conn.	A	"
Harpley Industries	22 Elkins St.	So. Boston,	Mass.	A	"
Harrison Leather Goods Co.	231 Harrison Ave.	Boston	Mass.	A	"
Heimer Bros.& Frankel	------	Garnerville,	N.Y.	A	"
Herz & Kory	230 Pine St.	Williamsport,	Pa.	AB	"
High Acres Mt. Guild	-----	Flowery Branch,	Ga.	A	"
Hood Rubber Co. Inc.	-----	Watertown,	Mass.	A	"
Hudson Leather Gds.Co.Inc.	-----	Nyack,	N.Y.	A	"
Ingber & Co. Inc.	1307 Market St.	Philadelpnia,	Pa.	BC	"
International Leath.Gds.Co.	141 N. 11 Street	Philadelphia,	Pa.	AB	"
Justin Leather Goods Co.	----	Nocona,	Tex.	B	"
K & K Leather Goods Co.Inc.	1 Brookside Ave.	New Brunswick,	N.J.	A	"
Benj. Kash	407 E. Pico St.	Los Angeles,	Cal.	BC	"
Benj. Katz	Washington St.	Nyack,	N.Y.	A	"
Keller Bros.	311 Mountain Rd.	Union City,	N.J.	BCD	"
Kewar Co.	-----	Gloversville,	N.Y.	A	"
Kreuter Leather Goods Co.	2418 W. 9 Street	Los Angeles,	Cal.	B	"
La Mode Handbag Co.	226 S. Wells St.	Chicago,	Ill.	BC	"
Landis Leather Goods, Inc.	284 State St.	Perth Amboy,	N.J.	AB	"
LaSalle Hand Bag Co.Inc.	15 Courtland St.	New Brunswick,	N.J.	AB	"
Lawson Studios	93 Mass. Ave.	Boston,	Mass	ABC	"
Leather Fabric Creations,Inc.	----	Trenton,	N.J.	A	"
Licht & Kaplan, Inc.	35 Lander St.	Newburgh,	N.Y.	A	"
Lieberson Novelty Co.	119 S. Wells St.	Chicago,	Ill.	BC	"

OUT OF TOWN LIST

NAME	ADDRESS	CITY	STATE	Price Range	CLASSIFICATION
Anna B. Locke	34 Hurlbut St.	Albany,	N.Y.	C	M
The Locktite Co.	117 Blucker St.	Bloversville,	N.Y.	AB	"
Luce Mfg. Co.	618 Delaware St.	Kansas City,	Mo.	A	"
James H. Lunn Co.	1771 Union St.	San Francisco,	Cal.	AB	"
Makewell Leather Goods Co.	----	Pennsburg,	Pa.	ABC	"
H. Margolin & Co.	380 River Street	Fitchburg	Mass.	BCD	"
Mastercraft Leather Goods	Center & Cutler Sts.	Waukesha,	Wis.	BC	"
Maurice Handbag Co.	30 E.Randolph St.	Chicago,	Ill.	A	"
The Meeker Co.	----	Joplin,	Mo.	BCD	"
Merrimack Valley Bag Co.	----	Haverhill,	Mass.	A	"
Meyers Mfg. Co.	----	Norwalk,	Conn.	A.	"
Michel, Maksik & Feldman, Inc.	-----	Clinton,	Mass.	BC	"
Midwest Ladies'Handbag Co.	402 So. Market St.	Chicago,	Ill.	AB	"
Mirro Leather Goods Co.	402 S. Market St.	Chicago,	Ill.	B	M
Molomut Hand Bags, Inc.	150 Fox Street	Elmira,	N.Y.	B	"
Morgan Specialty Co.	719 S.Los Angeles St.	Los Angeles,	Cal.	AB	"
Morris, Mann & Reilly, Inc.	320 W. Adams St.	Chicago,	Ill.	ABC	"
Mountain Handcrafts Co.Inc.	-----	Biltmore,	N.C.	B	"
Sol Mutterperl, Inc.	-----	New Bedford,	Mass.	A	"
National Ladies Handbags, Inc.	101 Taylor St.,	Springfield,	Mass.	A	"
Charles W. Belson & Co. Inc.	----	Pulaski,	N.Y.	A	"
New Hampshire Novelty Co.	18 Hanover St.	Manchester,	N.H.	B	"
Nocona Leather Goods Co.	----	Nocona,	Tex.	AB	"
Novelty Bag Co.	98 Phoenix Row,	Haverhill,	Mass.	A	"
Nu-Mode Bag Co.	47-51 Day St.	So.Norwalk,	Conn.	A	"
Paragon Bag Co. Inc.	----	Schwenksville,	Pa.	A	"
Paragon Novelty Bag Co.	102 S.Williams St.	Newburgh,	N.Y.	A	"
Paramount Bag Co.	241 Winter St.	Haverhill,	Mass.	A	"
Joseph Pasthoff	1561 Milwaukee Ave.	Chicago,	Ill.	A	"
Pat Bags, Inc.	310 S. Meadow St.	Richmond,	Va	ABC	"
Petite Novelty Co.	9 Little Burnet St.	New Brunswick,	N.J.	A	"
Philip Bag Co.	241 Winter St.	Haverhill,	Mass.	A	"
Phoenix Novelty Co.	25 Hale St.	Haverhill,	Mass.	A	"
Princess Hand Bag Inc.	170 Elm St.	Bridgeport,	Conn.	A	"
R & K Leather Goods Co.Inc.	291 New Brunswick Ave.	Perth Amboy,	N.J.	A	"
Radio Kimmerl Corp.	---	Sussex,	N.J.	A	"
Raymond Mfg. Co.	421 E. Miner Ave.	Stockton,	Cal.	AB	"
Reo Leather Goods Co.	9 Morrill St.	Elizabeth,	N.J.	A	"
Resnick Bros.	689 N.Clinton St.	Syracuse,	N.Y.	A	"
Julius Resnick, Inc.	720 N.Clinton St.	Syracuse,	N.Y.	A	"
Robbins & Staufert	229 S. Market St.	Chicago,	Ill.	BC	"
Royal Leather Goods	77 St.Francis St.	Newark,	N.J.	A	"
Royal Leather Novelty Co.	3419 Rutger St.	St.Louis,	Mo.	A	"
C.F.Rumpp & Sons	5th & Cherry Sts.	Philadelphia,	Pa.	BCD	"
Frank A. Rupert	31 Union St.	Gloversville,	N.Y.	B	"

OUT OF TOWN LIST

NAME	ADDRESS	CITY	STATE	PRICE RANGE	CLASSIFICATION	
Otto W. Schmidt	942 Market St.	San Francisco,	Cal.	BC	M	
Seger's	28 E. Ridgewood Ave.	Ridgewood,	N.J.	B	"	
Sel-Wel Mfg. Co.	10 N. Washington St.	Boston,	Mass.	A	"	
Self Style Hand Bag Co.	340 Manhattan Ave.	Union City,	N.J.	A	"	
Somer Bags	310 Washington St.	Bridgeport,	Conn.	A	"	
Specialty Leather Goods Co.	64 Beach St.	Boston,	Mass.	A	"	
Springfield Leath.Prod.Co.	110 W. Main St.	Springfield,	Ohio	BCD	"	
Stamford-Raymond Mfg. Co.	820 Mission St.	San Francisco,	Cal.	AB	"	
Standard Novelty Co.	324 Front St.	Plainfield,	N.J.	A	"	
Stanley Handbag Co.	N.E.8th & Arch St.	Philadelphia,	Pa.	A	"	
Strand Leather Goods Co.	120 Sawyer St.	New Bedford,	Mass.	AB	"	
Style Craft Bag Co.	17 N. W. 3rd St.	Miami,	Fla.	A	"	
Stylecraft Leather Goods Co.	----	Scranton,	Pa.	ABC	"	
Stylecraft Leather Goods Co. Inc.	----	Bridgeport,	Conn.	A	"	
Sunshine Studio	131 Sanford Ave.	Plainfield,	N.J.	AB	"	
Supreme Leather Goods Co.	150 Bay St.	Jersey City,	N.J.	AB	"	
Texas Tanning & Mfg. Co.	----	Yoakum,	Tex.	AB	M	
Theobalt & Ehlert Co.	1445 N. 5th St.	Milwaukee,	Wis.	A	"	
Three Mountaineers	----	Asheville,	N.C.	A	"	
The Treasure Chest, Inc.	----	Asheville,	N.C.	A	"	
Uneeda Belt Co.	120 Water St.	Newburgh,	N.Y.	A	"	
United Bag Co.	91 Federal St.	Lynn,	Mass.	A	"	
Universal Hat Works	---	Linden,	N.J.	A	"	
Universal Leather Goods Co.	538 S.Dearborn St.	Chicago,	Ill.	BC	"	
Variety Handbag Co.	1028 Filbert St.	Philadelphia,	Pa.	A	"	
Vassar Bag Co. Inc.	----	Stroudsburg,	Pa.	BCD	"	
Vin Clair Mfg. Co.	149 N. 12th St.	Philadelphia,	Pa.	B	"	
Virginia Art Goods Studios	1308 Church St.	Lynchburg,	Va.	BCD	"	
Joseph Virzi	1220 Maple Ave.	Los Angeles,	Cal.	BCD	"	
Wm. C. Waugh Co. Inc.	686 Mass. Ave.	Cambridge,	Mass	A	"	
Well Made Lea. Nov. Co. Inc.	34 Norwich Ave.	Colchester,	Conn.	A	"	
Western Bag Craft	119 E. 23rd St.	Los Angeles,	Cal.	BC	"	
Wilcox Co.	----	Athol,	Mass.	A	"	
E. J. Wilkins	----	Gloversville,	N.Y.	AB	"	

EXHIBIT "B" - PART 3.
CONTRACTORS

NAME	ADDRESS	CITY	STATE
J. Abrahams & M. Wilensky	34 Cottage St.	Poughkeepsie	N. Y.
Wm. Ammerman & Sons	8 Terrace Avenue	Hasbrouck Ht.	N. J.
Anchor Handbag Company	693 Broadway	New York	N. Y.
Joseph Arner	119 Attorney St.	New York	N. Y.
Art Novelty Mfg. Co.	6 E. 27th St.	New York	N. Y.
Artistic Bag & Neckwear Co. Inc.	1209 Broadway	New York	N. Y.
K. Atsales	513 Boston St.	West Lynn	Mass.
Avon Bag Company, Inc.	162 Chestnut St.	Springfield	Mass.
Avon Leather Novelty, Inc.	9 W. 31st Street	New York	N. Y.
Barclay Handbag	8 W. 18th St.	New York	N. Y.
Meyer Benn	416 W. Front St.	Plainfield	N. J.
Better Bag Company	Smith & 3rd Sts.	Newburgh	N. Y.
Black Mfg. Co.	Fourth Street	Pennsburg	Penna.
S. Bonamo	203 E. 107th St.	New York	N. Y.
Antone Bontos	32 Flint St.	West Lynn	Mass.
Mrs. W. S. Bowen	-----	Weaverville	N. C.
Broadway Handbag	136 W. 22nd St.	New York	N. Y.
Buoyant Bag Company	40 W. 28th St.	New York	N. Y.
Buy American Novelty Company	15 W. 24th St.	New York	N. Y.
C. & G. Handbag Company	15 W. 18th St.	New York	N. Y.
T. Caroloni	151 Spring St.	Concord	R. I.
Angelos Cassarsis	2 Murray St.	West Lynn	Mass.
F. Castillo	21 W. 111th St.	New York	N. Y.
John Celestri	1708 86th St.	Brooklyn	N. Y.
Century Novelty Corp.	407 S. Jefferson St.	Orange	N. J.
Nick Chakoutis	49 Wyman St.	West Lynn	Mass.
Phil Cohen	775 - 6th Avenue	New York	N. Y.
Columbia Purse Company	15 W. 24th St.	New York	N. Y.
H. Corman	6113-19th Avenue	Brooklyn	N. Y.
S. Costanzo	2 Lenox Avenue	Pleasantville	N. Y.
P. Cozzolino	341 State Street	New Haven	Conn.
Creative Handbag Company	31 Thompson Avenue	L. I. City	L. I.
John Cretakos	71 Williams Avenue	East Lynn	Mass.
Customcraft	40 W. 17th St.	New York	N. Y.
Dominick de Gaetano	7714-13th Ave.	Brooklyn	N. Y.
John Dignoti	199 Avenue T	Brooklyn	N. Y.
Liboria di Gregoria	3217 Broadway	Astoria LI	N. Y.
Ignazio di Silvestre	148 Bay 22nd St.	Brooklyn	N. Y.
Dostal & Company	218-25 132nd Ave.	Springfield Gardens,	L.I.
Andrew Dougenis	46 Wyman St.	Lynn	Mass
Edward Elias	34 E. 10th St.	New York	N. Y.
Henry Euler	404 Fourth Avenue	New York	N. Y.
Excellent Leather Goods	36 E. 10th St.	New York	N. Y.

CONTRACTORS

NAME	ADDRESS	CITY	STATE
F. & Leather Goods Co.	233 Powell St.	Brooklyn	N. Y.
J. Fasula	1743 -62nd St.	Brooklyn	N. Y.
Fine Make Leather Goods Co.	115 W. 30th St.	New York	N. Y.
F. Fisch	224 Livingstone St.	Brooklyn	N. Y.
Louis Fleischman	420 E. 93rd St.	Brooklyn	N. Y.
Fleischman & Kniberg	145 Spring St.	New York	N. Y.
Franklin Bag Company	104 Franklin St.	Haverhill	Mass.
Fried & Scheinberg, Inc.	45 E. 20th St.	New York	N. Y.
Fulton Leather Goods Co.	313 Fulton St.	Brooklyn	N. Y.
Philip Gaber	940 -39th St.	Brooklyn	N. Y.
Laurence Gaeta	107 Beach St.	Yonkers	N. Y.
Gale Leather Goods	98 Murray St.	Newark	N. J.
Gindoff & Grunther	19 S. Plainfield Ave.	Plainfield	N. J.
Goldfarb & Goodstat	37 W. 20th St.	New York	N. Y.
Goldflam Leather Goods Co.	15 W. 24th St.	New York	N. Y.
D. Golia	316 St. John St.	New Haven	Conn.
H. & B. Novelty	54 W. 21st St.	New York	N. Y.
Charles Hacker	582 Evergreen Ave.	Brooklyn	N. Y.
Hudson Leather Goods Co.	85 S. Broadway	Nyack	N. Y.
H. Hunger	105 S. First St.	Brooklyn	N. Y.
Alphonso Inclima	611 Grand Ave.	New Haven	Conn.
Independent Leather Goods	16 Burd Ave.	Nyack	N. Y.
S. Isaia	1559-79th St.	Brooklyn	N. Y.
Jason Handbag Company	37 W. 20th St.	New York	N. Y.
Juvenile Company, Inc.	40 W. 22nd St.	New York	N. Y.
K.G.&.B.Leather Company	9 W. 31st St.	New York	N. Y.
Kafka & Kleinman	----	Otisville	N. Y.
Samuel Katz	430 Keap St.	Brooklyn	N. Y.
Kosiov & Victor	1209 Broadway	New York	N. Y.
Kraus-Loeb Handbag Company	500 Broadway	Brooklyn	N. Y.
G. Kregler	1481 Myrtle Ave.	Brooklyn	N. Y.
Lee Handbag Company	-----	Waterbury	Conn.
Levy & Singer	36 W. 29th St.	New York	N. Y.
A. Librick & Sons	334 Bowery	New York	N. Y.
Lowy & Mund	209 W. 26th St.	New York	N. Y.
B. Machlus Leather Goods	693 Broadway	New York	N. Y.
Elizabeth Mack	945 -71st St.	Brooklyn	N. Y.
Made Right Leather Goods Co.	110 W. 27th St.	New York	N. Y.
Majestic Handbag Company	132 W. 21st St.	New York	N. Y.
Manno Bros.	723 Sip Street	Union City	N. J.
Phillip Manno	240 -25th St.	Brooklyn	N. Y.

CONTRACTORS

NAME	ADDRESS	CITY	STATE
Goper Masgal	235 Brock Avenue	Bronx	N. Y.
Joe Matra	1562 - 66th St.	Brooklyn	N. Y.
Pasquale Messina	2412 Hoffman St.	New York	N. Y.
M. Metter	24 W. 30th St.	New York	N. Y
Mintz & Resnick, Inc.	5 W. 31st St.	New York	N. Y.
Model Bag Company	30 W. 31st St.	New York	N. Y.
Model Novelty Company	22 W. 21st St.	New York	N. Y.
Mohawk Leather Goods Co.	20 E. 12th St.	New York	N. Y.
Lillian Mueller	119 Winfred Ave.	Yonkers	N. Y.
M. Madelman	1209 Broadway	New York	N. Y.
Nemeth & Adam, Inc.	----------	Ronkokoma	L. I.
Mrs. Collette Owens	----------	Columbus	N. C.
George Padolny	52 W. 15th St.	New York	N. Y.
Parisian Handbag Company	40 N. 4th St.	Phila.	Penn.
Paroly Bag Company	12 W. 18th St.	New York	N. Y.
J. Pasthoff Luggage Shop	1561 Milwaukee Ave.	Chicago	Ill.
Peppy	58 W. 25th St.	New York	N. Y.
Alonzo Piombino	2407 Trotman Avenue	Bronx	N. Y.
Popular Handbag Company	28 W. 25th St.	New York	N. Y.
Amelia Rampolla	114-17 45th Avenue	Flushing	L. I.
R. M. Reader	85 Main St.	DobbsFerry	N. Y.
Real Art Handbags, Inc.	134 W. 29th St.	New York	N. Y.
Frank Regulsky	45 Newell St.	Brooklyn	N. Y.
M. Richter	5214 Third Avenue	Brooklyn	N. Y.
Rivoli Manufacturing Company	223 West Street	New York	N. Y.
Simon Robbins	27 Columbus Avenue	Spring Valley	N. Y.
I. Rogalsky	252 Pennsylvania Ave.	Brooklyn	N. Y.
M. Rosen Bag Company	3 E. 14th St.	New York	N. Y.
Rosenswein Leather Goods	43 W. 16th St.	New York	N. Y.
T. Rubin	106 E. 19th St.	New York	N. Y.
Russian Hand Made Embr.Works	1193 Broadway	New York	N. Y.
S & K. Bag Company	20 E. 30th St.	New York	N. Y.
Salvatore Novelty Company	141 S. Main St.	Phillipsburg	N. J.
O. Schmidt	37-35 69th St.	Woodside	L. I.
Schwab & Rebell	126 W. 46th St.	New York	N. Y.
Sel-Wel Mfg. Co.	10 N. Washington St	Boston	Mass.
F. Shapiro	----------	Manville	N. J.
Shenfield Leather Goods	36 E. 10th St.	New York	N. Y.
Marcus Sherman	289 Napperhan Ave.	Yonkers	N. Y.
M. Silver	149 Ashford St.	Brooklyn	N. Y.
Mary Sokoloff	2047 E. 4th St.	Brooklyn	N. Y.
Spring Valley Leather Goods	34 Myrtle Avenue	Spr. Valley	N. Y.
Star Handbag Company	119 W. 23rd St.	New York	N. Y.
Charles Stein	98 Bleecker St.	New York	N. Y.
Albert F. Stewart	1082 Broad St.	Newark	N. J.
Louis I. Steinman	29 E. 10th St.	New York	N. Y.
Sun Novelty Company	35 W. 24th St.	New York	N. Y.

CONTRACTORS

NAME	ADDRESS	CITY	STATE
Superb Leather Goods Co.	1613 E. N.Y. Ave	Brooklyn	N. Y.
Superior Handbag Company	120 W. 30th St.	New York	N. Y.
H. Supnick	34 W. 27th St.	New York	N. Y.
Teddy Maiden Handbag Co.,	34 Wall St.	Norwalk	Conn.
Samuel Teitelbaum	48 W. 25th St.	New York	N. Y.
The Three Mountaineers	----------	Asheville	N. C.
Tip Top Handbag, Inc.	28 W. 27th St.	New York	N. Y.
Tivoli Handbag	1523 E. 172nd St.	New York	N. Y.
M. Triesti	15 W. 24th St.	New York	N. Y.
Trio Leather Goods Co,	36 E. 10th St.	New York	N. Y.
Upright Leather Goods Co.	115 W. 23rd St.	New York	N. Y.
Vienna Bag Company	34 W. 46th St.	New York	N. Y.
Martina Vayroux	137 Pine St.	S. Plainfield	N. J.
Joe Vilaseca	502 W. 147 th St.	New York	N. Y.
Warschauer Novelty Co.	10 W. 33rd St.	New York	N. Y.
Wonder Bag Company	54 E. 11th St.	New York	N. Y.
M. Zaro	118 E. 28th St.	New York	N. Y.
Z. Zwillenberg	110 W. 27th St.	New York	N. Y.

E X H I B I T C

News Bulletins issued by the Code Authority

EXHIBIT "C"

CODE AUTHORITY

LADIES' HANDBAG INDUSTRY

347 Fifth Avenue

New York

October 23, 1934

N E W S B U L L E T I N

The News Bulletin is being issued by the Code Authority of the Ladies' Handbag Industry to keep al members of the industry posted and up-to-date on NRA news, such as official rulings, interpretations, ets. In addition, contributions from members of the industry are welcomed and will be given the widest publicity, if of general interest. Your name will be withheld if you so request. Use the columns of the NEWS BULLETIN to ask questions, discuss, criticize or suggest. The staff of the Code Authority is always at your service, and a cordial invitation is extended to all members of the industry to stop in and get acquainted.

* * *

TRADE PRACTICE COMPLAINTS COMMITTEE: The Trade Practice Complaints Committee appointed by the Code Authority has been approved by the Administrator, and is now ready to function. A trade practice complaint refers to a complaint alleging violation of any provision of a code other than the labor provisions. Complaints by members of the industry against other members of the industry or by any person against any member of the industry for violation of any of the fair trade practice rules of the code, may be filed with the Code Authority. In all cases, where the complainant states that he does not wish his name to be revealed, his wishes must be respected. Under separate cover there is being mailed a complete outline of the functions and workings of the Trade Practice Complaints Committee.

ADVERTISING EXPENSES: A member requested a ruling on the following situation: "We would like to find out exactly what course of action to follow in regard to inserting an advertisement in the Christmas Catalog sponsored by a resident buying office. This advertising is to be paid for by us directly to an advertising service company. This concern handles the entire physical make-up of the catalog for the resident buying office. The sum that we are to pay them is to cover only our part of the cost of the compostition, art work

photographs and engravings necessary to illustrate our merchandise."

The ruling of the Code Authority follows:

"Since the above office is a buyer of your product, and also because they represent retailers who buy your product directly or indirectly, it would be considered a violation of the Code if you were to contribute or pay for any advertising sponsored by this resident buying office, or their appointed advertising agency."

ADVERTISING: In the past it has been customary for printers to solicit manufacturers for the purpose of obtaining advertising for appropriations or allowances for the printing of a holiday catalog for retailers in which the goods of the manufacturer are offered for sale at retail thru the medium of the retailers' catalog. This form of advertising definitely comes under Section 12 of Article VIII of the Code of Fair Competition, and the payment for such advertising by a manufacturer would be considered a violation of the Code.

* * *

RETURNS: The following letter addressed to a member of the industry, is of considerable interest and shows the attitude of the NRA in support of our Code provisions:

"Your letter of October 12 addressed to Mr. Richberg, in which you cite the refusal of a handbag manufacturer to accept the return of faulty merchandise with the inference that the code prohibits it, has been referred to me for attention and reply. Article VIII, Section 13 of the Code reads as follows:

> 'No member of the industry shall accept the return of any merchandise shipped to a purchaser, nor allow credit therefor, nor exchange merchandise, after the merchandise has been in the possession of the purchaser for more than seven days, where the agreement of sale has been fully performed by such member.'

This provision was included in the Code to remedy an abuse of the return goods practice which had grown in the industry. Many merchants had formed the habit of leaving merchandise on their shelves or in their warehouses, and when the season was over and they found the merchandise did not have a ready sale they returned it, asking the manufacturer for credit. Likewise, many merchants permitted the merchandise to become damaged in storage, and after weeks and even months they asked the manufacturer to accept the return of merchandise which had become damaged through no fault of the manufacturer. It was felt in approving the code that seven days was sufficient time for a merchant to scrutinize the merchandise, and that by putting this limit on its return an unfair trade practice would be eliminated.

There is also a provision in Article VIII, Section 4 of the Code which prohibits a member of the industry from branding or marking or packing any goods in any manner which is intended to or does mislead purchasers

with respect to the brand, grade, quality, quantity, origin, etc., and if the merchandise of a manufacturer is found to be common split leather when it has been branded or sold as leather of a higher grade, you are not only privileged to return it but it is your duty to report the firm manufacturing it to the Code Authority as a violator of the Code. Aside from this protection, it was not intended in approving the Code that it would preclude the return of merchandise which was faulty in manufacture, even though the seven day period had elapsed.

I believe you will find the Code Authority of the Ladies' Handbag Code very sympathetic to your problem, and they will no doubt suggest the proper action for you to take."

(signed) Leigh E. Ore
Assistant Deputy Administrator

TERMS: It is a violation of the Code to sell on terms in excess of 3/10 eom. First of the month dating for goods shipped after the twenty-fifth of the preceding month is in excess of 3/10 eom. If you grant first of the month dating, you are violating the Code for the Ladies' Handbag Industry.

* * *

ASSESSMENTS: Your attention is called to the fact that sales assessments are now due and payable for September. In accordance with NRA ruling, assessments are based on sales from March 26, 1934, the effective date of the code. If you have not already done so, please include sales figures from March 26-March 31 with your next label order.

* * *

LABELS: Since July 2, 1934 the date NRA labels became effective in the industry a grand total of 13,841,800 labels have been issued up to and including October 19, 1934.

Regular Labels	13,059,000
Stock on Hand	538,000
Retailers	244,800

* * *

LABEL DISPOSITION RECORDS: The NRA label signifies that all ladies' handbags, pocketbooks or purses bearing such labels are manufactured under Code conditions as to wages, hours, trade practices, etc. The entire purpose of the NRA label is defeated if no control is maintained. The Label Disposition Record is designed so that you, the legitimate manufacturer, can be assured that the "chiseler" will not obtain labels without complying with all provisions of the Code.

It is imperative that these records be submitted as the Label Division cannot issue labels unless the instructions on the Label Order are fully complied with. Unless Label Disposition Records completely filled out accompany every label order, the Code Authority cannot effectively protect your interests.

* * *

COMPLIANCE DIVISION - STATISTICS (September 30, 1934)

Number of Investigations Made	567
Non-Compliance Cases Pending	58
Non-Compliance Cases Closed	105
Restitution	
Number of firms	43
Number of individual Employees	814
Total Amount Paid	$11,393.53
Approximate amount pending	8,000.00
Number of Manufacturers	335
Number of Contractors	173
Approximate Number of Workers Employed in the Industry	15,800

* * *

DOUBLE SHIFT: Requests have come from members requesting permission to employ a double shift of workers. The Code Authority has ruled that in order to work two shifts, it involves the operation of a factory from six a.m. to twelve midnight. This is not a mechanized industry in which a double shift relies chiefly on the operation of machinery. It is almost entirely table work, and requires close application of the worker to his work, and when performed under artificial light, it involves a physical strain especially on the eyes of the workers. A double shift affords an opportunity to workers who may work during the daytime in one factory to qualify for the night shift in another, in violation of the Code. The Code Authority feels that manufacturers should be able to make provision to increase their production during the eight hours permitted by the Code thru the addition of space and machinery.

* * *

PAYROLL REPORTS: Payroll Report Sheets have been furnished to all manufacturers in the industry. Section 8 (c) of the Code, authorized the Code Authority to obtain information and reports required for administration of the Code. The Ladies' Handbag Industry has never had true vital statistics and failure to submit payroll reports severely handicaps the Code Authority in its endeavor to maintain up-to-date and accurate statistics of the Industry. Your earnest cooperation is requested.

* * *

CONTRACTORS: Before giving out work to a contractor, make certain that he has signed the Contractors' Compliance Form, as no labels will be issued to be used by contractors who have not signed this form.

* * *

CONTRACTORS' AGREEMENT: The National Industrial Recovery Board has approved a standard form of "Contractors' Agreement" between members of the ladies' handbag industry and contractors whereby contractors signing the agreement pledge themselves to "comply with all provisions of the code of fair competition" for the industry. In signing the approved agreement, contractors are pledged to sign a "Contractors' Compliance Form" issued by the industry's Code Authority. (Copies of this agreement will be available very shortly.)

* * *

TIME BOOKS: The Compliance Division requires all payroll records to be kept in a separate time book, and all entries to be made in ink.

TRADE PRACTICE COMPLAINTS COMMITTEE: The Trade Practice Complaints Committee is empowered to hear all complaints arising out of violations of the trade practice rules of the Code of Fair Competition for the Ladies' Handbag Industry. In order that each member of the industry may familiarize himself with the duties and functions of this committee, we are sending herewith a copy of the rules governing the procedure of the Trade Practice Complaints Committee.

* * *

HANDBAG FRAME DESIGN REGISTRATION: The following notice has been received from the Code Authority of the Handbag Frame Manufacturing Industry:

"We take pleasure in announcing the designation of the Design Registration Bureau, operated under the auspices of the Rhode Island School of Design and located at Providence, R.I., as the impartial and disinterested agency to be used by members of this Industry for the registration of original frame designs.

The Code Authority has designated this Bureau pursuant to the provisions of Article IX of the Supplementary Code of Fair Competition for this Industry, and this designation has received the approval of the National Recovery Administration.

Registration of original frame designs commenced on Monday, October 22, 1934. Protection of registered designs expires six months from the date of registration.

We believe that design registration in this Industry will work to the distinct advantage of your members as well as our own, and we earnestly solicit your full cooperation in the prevention of the piracy of registered designs."

The Code Directors will be glad to answer any questions regarding the effect of such registration on the handbag industry.

* * *

The Code Directors can help you in cases when --

Your customers return goods after seven days.
Your customers pay on terms other than the Code terms, 3/10 eom.
Your customers insist that you pay for their advertising.
When you are asked to give anything of value for the purpose of influencing or rewarding the action of any employee, CONSULT THE CODE DIRECTORS

* * *

DISTRESSED MERCHANDISE: We desire to call your attention to Trade Practice Rule 15, Article VIII.

"No member of the industry shall dispose of distressed merchandise except upon prior notice to the Code Authority, along with such information as the Code Authority and the Administrator may prescribe. General fall competitive items shall not be sold as distressed merchandise prior to December 26, general spring competitive items shall not be sold as distressed merchandise prior to Mother's Day, and general summer competitive items shall not be sold as distressed merchandise prior to July 4. Subject to review by the Administrator, the Code Authority may permit the sale of merchandise at periods other than those herein established."

This provision will be strictly enforced.

Temptation is greatest at this time of the Year to manufacture additional quantities to take care of "last minute Christmas orders". These additional quantities frequently prove to be the sponge that absorbs all the profits of the season.

Try to make your percentage of close-outs at the end of this season the smallest you have ever had, not forgetting that goods manufactured to sell at $21.35, if sold for $15.00 a dozen, means a drop of 32⅓%. Can you afford to take it?

* * *

HOMEWORK: There will be a hearing in Washington on Tuesday, November 20, 1934 at 10:00 A.M. Room 128, Willard Hotel, to consider the proposed interpretation and amendment proposal of the Pleating, Stitching and Bonnaz and Hand Embroidery Industry.

In accordance with the interpretation proposed by the above industry, homework on hand-beading, hand-crocheting and hand-embroidery will be prohibited. Since this change might seriously affect your interests, you may wish to attend this hearing. If you desire to speak against the proposal, please let us know, so that we may register your name with the Administrator in charge of the hearing. If you cannot be present in person, write or telegraph to Mr. M. D. Vincent, Acting Deputy Administrator in charge, expressing your views.

* * *

Members of the industry are reminded that the workers in their office, stock room and shipping department come under the wage and hour provisions of the Code, the same as factory workers.

Article III, Section 2, provides . . . "No person employed in shipping, clerical, or office work, unless he is employed in a managerial or executive capacity and earns not less than thirty-five dollars ($35.00) per week, shall be permitted to work in excess of forty (40) hours per week averaged over any one (1) month period."

COMPLIANCE DIVISION - STATISTICS (October 31, 1934)

Number of Investigations Made	807
Non-Compliance Cases Pending	49
Non-Compliance Cases Closed	130

Restitution

Number of firms		47
Number of Individual Employees		901
Total Amount Paid	$12,024.22	
Approximate amount pending	$10,200.00	

Number of Manufacturers	325
Number of Contractors	173
Approximate Number of Workers Employed in the Industry	15,800

* * *

SPECIAL SALES: A certain retailer now in the market is seeking to obtain a special concession of a single quantity of bags, so he put it to a manufacturer in this manner:

"All I want is six dozen of your regular new fall goods at a special price for a sale."

Aside from the fact that it definitely ruins the sale of your new fall styles in that particular city or cities, it creates a resentment against you by all other manufacturers who may be forced to follow you and accede to the demands of this buyer. It is an old

trick, and it is obvious that by getting six dozen bags at a special price from ten or more manufacturers, this buyer has succeeded in making his full purchases from 20% to 30% less than the regular prices. Do not lend yourself to this old and worn out method of chiseling.

There are five good reasons why you should not:

You are creating unfair competition for your customers who in good faith have bought the same goods from you at regular prices.

You are destroying your complete line in which you made a substantial investment.

A "special sale" of only six dozen bags is just as quickly known to other buyers as it is to other manufacturers.

You have destroyed the confidence in the very buyer to whom you have granted this "special buy". The natural inference is that if you did it for him, you would do it for others. Therefore, your line is not desirable at regular prices for regular selling.

The most important reason is that you did not allow for such "special buys" in figuring the cost of these bags.

"PROTECT YOUR PROFITS"

IMPORTED MERCHANDISE: The following letter was received from the N.R.A.:

"SUBJECT: Status of Relationship between Ladies' Handbag Code and Importing Trade Code.

A question of jurisdiction, assessment, etc., has arisen between the two above mentioned codes. There are in this picture three distinct groups, namely: (1) the strictly manufacturer of ladies' handbags; (2) the manufacturer who also imports ladies' handbags; (3) the strictly importer of ladies' handbags.

The first shall operate entirely under the provisions of the code for the ladies' handbag industry and shall pay to this industry all assessments. The second class shall operate under the code governing the major part of their business, for example: if a manufacturer does $100,000 worth of business, sixty per cent of which he manufactures himself, importing the other forty per cent, he shall be governed by the code for the ladies' handbag industry and shall pay assessments to said Code Authority on the $100,000 figure. He is not subject to any assessment of the Importing Trade Code Authority, because such Code Authority does not have an exemption under X-36. Where a manufacturer of ladies' handbags imports some of the integral parts of the complete bag and is, we might say, primarily an "assembler", he is subject to the Ladies' Handbag Code entirely. The third is an importer, strictly, and is subject only to the code for the Importing Trade."

* * *

PAYROLL REPORTS: Payroll Report Sheets have been furnished to all manufacturers in the industry. Section 8 (c) of the Code, authorized the Code Authority to obtain information and reports required for administration of the Code. The Ladies' Handbag Industry has never had true vital statistics and failure to submit payroll reports severely handicaps the Code Authority in its endeavor to maintain up-to-date and accurate statistics of the Industry. Your earnest cooperation is requested.

* * *

TERMS: It is a violation of the Code to sell on terms in excess of 3/10 eom. First of the month dating for goods shipped after the twenty-fifth of the previous month is in excess of 3/10 eom. If you grant first of the month dating you are violating the Code for the Ladies' Handbag Industry.

* * *

ASSESSMENTS: Your attention is called to the fact that sales assessments are now due and payable for October. In accordance with NRA ruling, assessments are based on sales from March 26, 1934, the effective date of the code. If you have not already done so, please include sales figures from March 26-March 31 with your next label order.

L A B E L S A L E S

	TOTAL	WEEKLY AVERAGE	DAILY AVERAGE
JULY	2,154,000	512,857	102,571
AUGUST	3,529,500	741,109	148,202
SEPTEMBER	3,487,000	940,806	188,161
OCTOBER	4,045,000	879,348	175,869
GRAND TOTAL	13,215,500		

G E O G R A P H I C A L D I S T R I B U T I O N

(AS OF SEPTEMBER 30, 1934)

LOCATION	LABELS ISSUED	PER CENT
New England	2,959,500	27.0
Middle Atlantic (not including NYC)	3,756,200	34.4
New York City	3,594,300	32.8
Middle West	436,875	4.0
South	129,000	1.2
Pacific Coast	66,000	.6
	10,941,875	100.0

* * *

THE LABEL DISPOSITION RECORD IS ADVANTAGEOUS TO THE INDUSTRY

There are many manufacturers who have already adopted the Label Dis-

position Record as one of their own records because of its value to them as a statistical record of production. Some of these manufacturers never had such a record before, never knew what their production actually was, and had no means of comparing their present production with that of any past period.

Some manufacturers depended upon the cutting foreman to record the production on some scrap of paper or other informal record. Production figures thus depended upon the foreman's accuracy, his memory, his arithmetic, or his veracity. Now that there must be a label for each handbag, these manufacturers have accurate figures to which they can refer at any time.

Some manufacturers use the Label Disposition Record as a physical inventory control over their shops and as a method of preventing payroll padding. The shop is charged with the quantity cut, as per the Label Disposition Record, and credited with the quantity completed as per the payroll sheets or actual charges to the finished goods stockroom. The difference is the inventory of goods in process and this is checked weekly or monthly by a physical count. The inventory of goods in process is also used by some manufacturers on their monthly financial statement to give them a more accurate picture of their operations.

Many manufacturers who previously had inadequate cost records are now determining their labor costs by dividing the weekly apyroll amounts by the production per Label Disposition Record. These are but a few of the advantages. No doubt there are many more.

EXHIBIT "C"

CODE AUTHORITY

LADIES' HANDBAG INDUSTRY

347 Fifth Avenue
New York

VOL. II, No. 3 NEWS BULLETIN DECEMBER 5, 1934

MR. RICHBERG'S VIEWS ON A PERMANENT N.R.A. PROGRAM: "In the first place, I believe that there is a demonstrated soundness in the fixing of minimum wages and maximum hours for each trade and industry for the purpose of preventing the worst forms of unfair competition in the overworking and underpaying of employees. If these requirements are fixed by common agreement, if they are flexible enough to fit actual conditions, if they are not the last word, but left subject to improvement by collective bargaining, they should protect both employers and employees and advance the public interest. In the same way by common consent the intolerable evil of child labor should be outlawed from trade and industry.

"In the second place, admittedly dishonest business practices should be prescribed. But in the twilight zone between dishonesty and legitimate competition, trade and industry should seek first to establish an accepted standard of unfairness before before writing mandatory requirements in a code. Enforcement must fail where there is no general agreement that a law should be enforced. We must wait in patience for the development of a custom that has attained almost the force of law before we ask to write it into law and to compel dissenters to obey it.

"In the third place, statistical information, accurate and comprehensive, is necessary for economic security in an industrial civilization. Business should not grope its way ahead in fogs of uncertainty. It is in the common interest that exact reports of production, prices, wages, employment, and such fundamental knowledge of economic conditions, should be available to all who have the desire and intelligence to chart the course of commerce and finance according to the ever shifting balance of supply and demand.

"Finally, to what extent should we rely upon and insure the freedom of agreement among organizations of employers and employees to promote their separate and common economic interests."

* * *

The Code Authority must insist that your payroll reports, and label disposition records are filled out and returned to us not later than the tenth day of each month. If you do your part, the statistics for the industry at the end of the fiscal year will be invaluable for every member of the industry.

LABELS: In order to facilitate the examination of bags for label

requirements, we have been requested by large retail distributors to instruct the manufacturers to place the labels in a uniform position in the bag. The Code Authority has ruled that in every case possible, the label shall be inserted in the left-hand side of the mirror pocket with the numerals showing.

* * *

FALSE ADVERTISING: Some manufacturers have been manufacturing bags of seal split and inserting cards in each bag stating that they are "real seal" or "genuine seal." A few large retailers have recently inserted advertisements on these bags also calling them "real seal" or "genuine seal". The Code Authority has stopped this practice as it is a violation of Section 4, Article VIII of the Code, and also, as it is prohibited by a ruling of the Federal Trade Commission on a similar case.

On February 2, 1934, the Federal Trade Commission ruled "That in connection with the sale, offering for sale, or distribution in interstate commerce and the District of Columbia of handbags, suit cases and other luggage or other products made from the under layers of sealskin known as "Split Seal", cease and desist from designating and describing the same as "Seal" or "Genuine Seal" unless the word "Seal" is modified by the word "split" in letters equally conspicuous or other expression clearly and conspicuously designating that the material is an under layer of sealskin." The Code Authority will strictly enforce this provision of the code.

* * *

TERMS: It is a violation of the Code to sell on terms in excess of 3/10 eom. First of the month dating for goods shipped after the twenty-fifth of the previous month is in excess of 3/10 eom. If you grant first of the month dating you are violating the Code for the Ladies' Handbag Industry.

FURTHER ADVANTAGES OF LABEL DISPOSITION RECORD: Where contractors are used, the number of handbags in work at contractors is easily ascertained by some manufacturers thru the use of the Label Disposition Record. This is done by charging the contractors with the production, per Label Disposition Record, and crediting them with the finished goods per receiving record or purchase book. The difference represents handbags in work at contractors and the fluctuation of this figure is carefully watched. This in-process inventory at contractors is similarly used on the monthly financial statements. This control may also be valuable in preventing padding of bills by contractors.

Some manufacturers feel that they now have a better control of overshipments and undershipments by contractors thru the numerical advantage afforded by the Label Disposition Record.

The Label Disposition Record has also been found to be valuable because it gives the manufacturer a record to which he can refer, either to refresh his memory, or to detect clerical errors such as forgetting to charge a contractor with goods.

* * *

COMPLIANCE DIVISION - STATISTICS (November 30, 1934)

Investigations:

Number Previously Reported		807	
Number Made During November		274	
	Total		1081
Number Non-Compliance Cases Pending		72	
Number Closed During November		90	

Restitution:

Number of Firms		53
Number of Individual Employees		934
Total Amount Paid	$13,347.39	
Approximate Amount Pending	$10,000.00	

* * *

REGULAR LABEL SALES

	TOTAL	WEEKLY AVERAGE	DAILY AVERAGE
JUNE	1,220,000	428,571	85,714
JULY	2,154,000	512,857	102,571
AUGUST	3,529,500	741,109	148,202
SEPTEMBER	3,487,000	940,806	188,161
OCTOBER	4,045,000	879,348	175,869
NOVEMBER	4,310,000	1,023,080	204,616
TOTAL REGULAR LABELS	18,745,000		

TOTAL STICKER LABELS (Mfrs. and Retailers)... 783,800

GRAND TOTAL..... 19,528,800

* * *

GEOGRAPHICAL DISTRIBUTION
(as of OCTOBER 31, 1934)
Manufacturers Only

LOCATION	LABELS ISSUED	PERCENT
New England	3,856,125	25.7
Middle Atlantic (not including NYC)	5,273,200	35.1
New York City	4,930,300	32.9
Middle West	624,375	4.2
South	215,000	1.4
Pacific Coast	99,500	.7
	14,989,500	100.0

* * *

CHILD LABOR: One of the most important provisions in the code is the prohibition against employmentof minors below the age of sixteen. The Code Authority takes pride in the fact that the industry is unusually free from violations of this character and the Administration has commented upon this favorably.

* * *

TIME CARDS: Time cards must not be destroyed. They must be available for inspection by the Code Authority investigators. Failure to preserve and submit time cards will be considered evidence of violation of the Code provisions regarding hours and wages.

* * *

MANUFACTURERS OF BRAIDED BAGS: Under Executive Order of June 6, 1934, homework on braided bags was strictly prohibited. The Compliance Division has received a number of complaints that this order is being violated, and will take the necessary steps to eliminate such violations.

* * *

CONTRACTORS AGREEMENTS: Pursuant to Section 12 of Article V of the Code for the Ladies' Handbag Industry, a form of Contractor's Agreement has been approved by the Administration, copy of which is enclosed herewith.

This agreement is to be used whenever work is given out on a contract basis. Additional copies of this agreement are available on request.

* * *

ASSESSMENTS: Your attention is called to the fact that sales assessments are now due and payable for November. In accordance with NRA ruling, assessments are based on sales from March 26,1934, the effective date of the code. If you have not already done so, please include sales figures from March 26 - March 31 with your next label order.

* * *

Tell the Code Authority your problems. If it is an industry problem, it cannot be yours alone, it must be common to the entire industry. Why not tell the Code Authority and let them solve it for the industry. Use the columns of the NEWS BULLETIN as a forum for discussion. Your suggestions or criticisms on any matters pertaining to the industry will be welcome.

* * *

Additional copies of this NEWS BULLETIN are available to members of the industry for distribution to their sales offices and other plants.

* * *

CODE AUTHORITY

LADIES' HANDBAG INDUSTRY

347 Fifth Avenue
New York

SEASON'S VOL. II, No. 4 NEWS BULLETIN DECEMBER 21, 1934

GREETINGS At this time of the year, it is customary to look back and take stock of our accomplishments during the past twelve months. The Code for the Ladies' Handbag Industry was approved by the President on March 14, 1934, and went into effect twelve days later. In the language of the National Industrial Recovery Act, the policy was declared to be "to provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups --- to eliminate unfair competitive practices --- to reduce and relieve unemployment --- and otherwise to rehabilitate industry and to conserve national resources."

The Code has accomplished a great deal to change the basis of competition in the industry from that of underpaid labor and unregulated hours of work to that of competition based on style, quality and service. The Code has effected the elimination of child labor and the establishment of the minimum wage in all branches of the industry. A stronger feeling of confidence and security prevail in the industry, which reflects the improved conditions already apparent.

It has been the endeavor of the Code Directors to administer the Code for the Ladies' Handbag Industry without fear or favor, without unnecessary severity or bureaucratic methods, but in a true spirit of justice and fairness to all, and with an earnest desire to be of the utmost service to the industry.

The Code Authority extends greetings and good wishes to all engaged in the industry who thru their cooperation, have made it possible for the Code Authority to accomplish such benefits as have come to the industry thru the administration of the Code. Your continued loyalty and support are necessary to bring added benefits during the year 1935.

ADMINISTRATIVE ORDER NO. X-124

Interpretation: Effect of temporary interruptions in work beyond control of employee as affecting maximum hours and computation of wages under various codes.

Facts: Complaints have been received concerning practices of certain employers, subject to various codes, whereby the employer requires his employee to take time out without pay during the course of a work day for periods of inactivity due to breakdowns, delay, time spent waiting for materials or waiting for the loading or unloading of railroad cars or other vehicles of transportation, and interruptions in acticity due to other causes.

Question: Under the maximum hour and minimum wage provisions in codes, may an employer properly require an employee to take time out for such interruptions and not compute such time in determining maximum hours of labor and the wages of such employee?

Interpretation: Time furing which an employee is inactive by reason of interruptions in his work beyond his control may not be construed as time not worked, nor excluded in computing his hours of labor and wages. The term "interruptions" includes, but without limitation, the specific instances hereinabove set forth under "Facts" whenever the imminence of resumption of work requires the employee's presence at the place of employment. Such requirement is to be presumed in the absence of adequate prior notice from the employer that the employee is free to leave his place of employment if he desires. An employer may not, however, by notifying an employee that he is free to leave for an interval too brief reasonably to be considered a temporary layoff, thus avoid computing such period as time worked. Nothing herein contained, however, shall be construed to modify or affect in any way bona fide, voluntary and mutual agreements concerning the subject matter hereof, arrived at by employers and employees, when the same are not in conflict with the maximum hour and minimum wage provisions of the code applicable to such parties.

NATIONAL INDUSTRIAL RECOVERY BOARD
(Signed) W. A. Harriman
Administrative Officer

* * *

NEW CONSUMER EMBLEM AVAILABLE: In response to numberless requests for a 1934 Consumer's Emblem to symbolize cooperation with NRA codes, an attractive small sticker has been prepared for display in homes, on automobile windows where permissible, etc. These emblems may be obtained by writing or telephoning to the Local NRA Committee in your town or city. Last year, 60 million consumers signed pledges of cooperation with the President's Reemployment Agreement. The 1934 pledge re-affirms allegiance to the Code Blue Eagle as follows: "In the national effort to bring security to all, I will encourage and patronize those business establishments in which the Blue Eagle of NRA Codes is displayed."

REGULAR LABEL SALES

GEOGRAPHICAL DISTRIBUTION
(as of NOVEMBER 30, 1934)

Manufacturers Only

LOCATION	LABELS ISSUED	PERCENT
New England	4,589,125	23.8
Middle Atlantic (not including NYC)	6,792,700	35.2
New York City	6,720,300	34.8
Middle West	800,875	4.1
South	289,000	1.5
Pacific Coast	117,500	.6
	19,309,500	100.0

SUMMARY SHOWING PERCENTAGES BY MONTHS

	AUG. 31	SEPT. 30	OCT. 31	NOV. 30
New England	27.5	27.0	25.7	23.8
Middle Atlantic	32.0	34.4	35.1	35.2
New York City	34.4	32.8	32.9	34.8
Middle West	3.9	4.0	4.2	4.1
South	1.6	1.2	1.4	1.5
Pacific Coast	.6	.6	.7	.6

* * *

CENSUS OF MANUFACTURERS: The U. S. Department of Commerce, Bureau of the Census, has issued census figures obtained in 1933 for the manufacture of pocketbooks, purses and card cases.

Statistics for 1933, with comparative figures for earlier years, are given in the following tables. All figures for 1933 are preliminary and subject to revision.

Summary for the Industry: 1933, 1931, and 1929

	1933	1931	1929
Number of establishments	218	260	290
Cost of materials, fuel, and purchased electric energy	$15,298,920	$22,600,817	$35,351,605
Value of products	$28,299,004	$43,147,053	$68,627,515
Value added by manufacture	$13,000,084	$20,546,236	$33,275,910

* * *

ADVERTISING EXPENSES: It is a violation of Trade Practice Rule 12 of Article VIII of the Code of Fair Competition for the Ladies' Handbag Industry if you pay to circularize your bags thr the medium of any large buying organization. The investigators are instructed particularly to look for such violations.

* * *

BLUE EAGLE: The use of the Blue Eagle Insignia on any cards or labels inserted in bags is absolutely illegal unless it is the official label of the Code Authority of the Ladies' Handbag Industry.

* * *

MISBRANDING: The Tanners' Council and the Code Authority of the Leather Industry are cooperating with the Ladies' Handbag Code Authority to stop all misbranding of the kinds and qualities of leather.

The Federal Trade Commission has ruled that cowhide splits cannot be labeled "genuine cowhide" or "real cowhide". The Code Authority will definitely restrain any member of the industry from branding any split leather genuine or real thru the use of labels or by inserting into the bag a printed ticket.

IF PATENT LEATHER COMES: Do not forget that cold weather and cracking patent leather are almost synonymous. Protect yourself by standing squarely behind the seven day return provision in the Code, and make doubly sure by inserting cards in your bags that "patent leather" is not guaranteed and cannot be returned because of cracking.

* * *

HOMEWORK: The Code Authority has approved a plan for the control of homework and the abolition of child labor. The plan requires the registration with the Code Authority of all homeworkers on hand-beading and crochet-beading. The Code Authority will set all piece work prices to be paid homeworkers on hand-beading and crochet-beading. All other homework operations, such as finishing of bags or leather braiding is strictly prohibited.

* * *

FREE GOODS: The Code Authority has ruled that the giving of free goods such as initials or other articles not attacned to or a part of such bags is a violation of a trade practice rule.

* * *

RETURNS: Members of the industry are reminded that for various reasons, this season of the year brings forth unjustified returns of merchandise. Section 13 of Article VIII reads:

> "No member of the industry shall accept the return of any merchandise shipped to a purchaser, nor allow credit therefor, nor exchange merchandise, after the merchandise has been in the possession of the purchaser for more than seven days, where the agreement of sale has been fully performed by such member."

This rule is designed to protect you against this evil --- Why not take advantage of it?

* * *

Exhibit "C"

CODE AUTHORITY

LADIES' HANDBAG INDUSTRY

347 Fifth Avenue

New York

VOL. III No. 1 NEWS BULLETIN JANUARY 23, 1935

SUBJECT: Ruling on Ladies' Handbags

In accordance with your recent inquiry, the recommendations which I made at the hearing conducted on January 9, 1935, relative to the proposed amendments to the Code of the Ladies' Handbag Industry may be restated somewhat as follows:

> First, a general restatement would emphasize that the codification of any industry should be accomplished so that the definition of the product be expressed in terms of generic classification and not in terms of "for the purpose used" or "to whom sold", or "by whom carried" or some such similar qualification limiting the product.
>
> Second, on the basis of the above and from the data and exhibits presented for examination and which I reviewed, it is recommended that the definition include all items embraced by the generic classification of "the product."

All of the products exposed at the hearing were "handbags", and if the group classification should be broken down into parts depending upon the material used, it is obvious to all that ridiculous situations might be precipitated.

(Signed) GEORGE S. BRADY
Assistant Administrative Officer

* * *

1934 EAGLES GOOD IN 1935: The NIRB has announced that Blue Eagles for particular trades and industries marked "1934", as well as those originally issued under the President's Reemployment Agreement, may be used in 1935.

* * *

E X E C U T I V E O R D E R

#6686

PRESCRIBING A REGULATION PROHIBITING DISMISSAL OF EMPLOYEES FOR REPORTING ALLEGED VIOLATIONS OF CODES OF FAIR COMPETITION

By virtue of and pursuant to the authority vested in me under Title I of the National Industrial Recovery Act of June 16, 1933 (ch 90, Stat. 195), and in order to effectuate the purposes of said title, I hereby prescribe the following rule and regulation:

> No employer subject to a code of fair competition approved under said title shall dismiss or demote any employee for making a complaint or giving evidence with respect to an alleged violation of the provisions of any code of fair competition approved under said title.
>
> All persons are hereby informed that section 10 (a) of the National Industrial Recovery Act prescribes a fine not to exceed five hundred dollars ($500) or imprisonment not to exceed six (6) months, or both, for the violation of any rule or regulation prescribed under the authority of said section 10 (a).

(Signed) FRANKLIN D. ROOSEVELT

THE WHITE HOUSE
May 15, 1934.

****

CONTRACTORS: This office must be notified immediately upon taking on any new contractors. Unless you register your contractors you are not permitted to issue labels to them.

* * *

RETURNS: Members of the industry are reminded that for various reasons, this season of the year brings unjustified returns of merchandise. Section 13 of Article VIII reads:

"No member of the industry shall accept the return of any merchandise shipped to a purchaser, nor allow credit therefor, nor exchange merchandise, after the merchandise has been in the possession of the purchaser for more than seven days, where the agreement of sale has been fully performed by such member."

This rule is designed to protect you against this evil ---- Why not take advantage of it?

REPRINTED VOL. II - No. 4
NEWS BULLETIN

* * *

COMPLIANCE DIVISION - STATISTICS (December 31, 1934)

Investigations:

Number Previously Reported	1081	
Number Made During November	326	
Total		1407
Number Non-Compliance Cases Pending	56	
Number Closed During November	49	

Restitution:

Number of Firms	60	
Number of Individual Employees	1008	
Total Amount Paid	$13,891.14	
Total Amount Pending	$12,640.10	

* * *

LABEL DIVISION (December 31, 1934)

	REGULAR LABEL SALES		
	TOTAL	WEEKLY AVERAGE	DAILY AVERAGE
JUNE	1,220,000	428,571	85,714
JULY	2,154,000	512,857	102,571
AUGUST	3,529,500	741,109	148,202
SEPTEMBER	3,487,000	940,806	188,161
OCTOBER	4,045,000	879,348	175,869
NOVEMBER	4,310,000	1,023,080	204,616
DECEMBER	2,410,000	602,500	120,500
Total	21,155,500		

Total Sticker Labels 800,000
(Mfrs. and Retailers)

GRAND TOTAL 21,955,000

9811

REGULAR LABEL SALES

GEOGRAPHICAL DISTRIBUTION
(as of December 31, 1934)

Manufacturers Only

LOCATION	LABELS ISSUED	PER CENT
New England	5,095,625	23.5
Middle Atlantic (not including NYC)	7,761,200	35.8
New York City	7,557,800	34.8
Middle West	839,875	3.8
South	333,000	1.5
Pacific Coast	132,000	.6
	21,719,500	100.0

* * *

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY

G R A P H
of
WEEKLY & TOTAL LABEL SALES
1 9 3 4

LEGEND
Weekly
Total

Week Ending	WEEKLY SALES	TOTAL SALES
June 22	250000	5000000
29		
July 6	500000	10000000
13		
20	750000	15000000
27		
Aug. 3	1000000	20 000000
10		
17	1,230000	25000000
24		
31		
Sep. 7		
14		
21		
28		
Oct 5		
12		
19		
26		
Nov. 2		
9		
16		
23		
30		
Dec. 7		
14		
21		
28		
31		

ADMINISTRATIVE ORDER X-130

Interpreting Provisions in Codes which Extend Minimum Hourly Rates of Pay to Piece-Workers

Pursuant to authority vested in the National Industrial Recovery Board under Title I of the National Industrial Recovery Act by Executive Orders of the President, including Executive Order No. 6859, dated September 27, 1934, and otherwise, it is hereby ordered that provisions in codes which extend the application of minumum hourly rates of pay established therein to employees engaged on a piece-work basis be and they hereby are intreprcted as follows:

Under any such provision in any code, an employer shall compute the minimum compensation payable to each piece-work employee on the basis of a period of not more than seven consecutive days. Each employer shall pay to each of his piece-work employees for work performed by said employee during such period an amount not less than the product of the minimum hourly rate prescribed in said code multiplied by the number of hours worked by said employee during such period.

If any such provision in a code as thus applied should work hardship in any case by reason of peculiar circumstances or methods of operation, the employer affected thereby may apply for an exemption to such provision.

National Industrial Recovery Board

Washington, D. C.
January 4, 1935.

By: W. A. Harriman,
Administrative Officer

* * *

NIRA PROVISIONS HERE TO STAY: In a recent speech before the Construction Industry Meeting at Knoxville, Tenn., Arthur D. Whiteside, member of the National Industrial Recovery Board said, "It appears inevitable that the major provisions of the NIRA in some form will become a permanent part of our economic legislation." Mr. Whiteside also said that modifications of the provisions will be governed largely by the actual results obtained through the efforts of the NRA up to this time and for the next few weeks.

* * *

I M P O R T A N T N O T I C E

The Code Authority must insist that your payroll reports, and label disposition records are filled out and returned

to us not later than the tenth day of each month. If you do your part, the statistics available for the industry at the end of the fiscal year will be invaluable for every member of the industry. Failure to submit payroll reports constitutes a violation of the Code.

CODE AUTHORITY

LADIES' HANDBAG INDUSTRY

347 Fifth Avenue
New York

VOL. III No. 2 NEWS BULLETIN FEBRUARY 20, 1935

DESIGN PIRACY: Protection against design piracy for the industry has not yet been approved. In the meantime, members of the industry who desire to protect original designs may do so by making application for a design patent. The office of the Code Authority will furnish the necessary information, will give instructions how to fill out the necessary documents, and aid you in the preparation of the drawing, which must accompany the application. A design patent may be procured within thirty days of an application. It serves to protect the design for 3½ years or longer, if required. It is enforceable in the Federal Courts with injunction proceedings, if necessary. The cost is ten dollars, which is the government fee, plus the cost of making the drawing. If you are interested in applying for design patents, communicate with the office of the Code Authority.

* * *

ADMINISTRATIVE ORDER X-134

Interpretation: Application of home work provisions as contained in various codes.

FACTS: Complaints have been received that certain employees are engaged in the practice of processing articles, the material for which has been furnished by the employer, such processing being performed either in the home or living quarters of the employee, or in a so-called shop operated within the home or living quarters of the employee.

QUESTIONS: 1. What is meant by "home or living quarters" as the term is used in Codes of Fair Competition which provide for the abolition of home work?

2. Does the practice noted above under "Facts" constitute a violation of such Codes of Fair Competition?

INTERPRETATION: 1. The term "home or living quarters" means the private house, private apartment or private room, whichever is the most extensive, occupied as a home by the employee and/or his family.

2. The practice of processing articles, the material for which has been furnished by the employer, whether performed in the home or living quarters of the employee, or the so-called shop, operated within the home or living quarters of the employee, as the term "home or living quarters" is defined herein, constitutes a violation of codes which provide for the abolition of homework; except as provided in Executive Order 6711-A, dated May 15, 1934.

Washington, D. C.
January 26, 1935.

(Signed) W. A. Harriman,
Administrative Officer
National Industrial Recovery Board

* * *

HAZARDOUS OCCUPATIONS: The Labor Advisory Board has recommended that minors under 18 be excluded from the following occupations in the industry:

1. As drivers of trucks or other motor vehicles or as helpers or delivery boys in such vehicles.

2. In, or assisting in, the operation of gas, oil or steam engines used as prime movers.

3. In the operation, custody, or repair of elevators, cranes, derricks or other hoisting apparatus, except in the operation of (1) dumbwaiters as defined by the American Standards Association or (2) of elevators equipped only for automatic operation.

4. Firing of steam or water boilers (except boilers of not more than (15) pounds pressure used solely for heating purposes.

* * *

HANDBAGS AND PURSES RETAILING FOR 25¢ OR LESS: Preparations are being made to include under the Code of the Ladies' Handbag Industry the members of the Imitation Leather and Leather Novelties

Group who manufacture ladies', misses' and children's handbags that retail from 10¢ to 25¢ each. This group was formerly included under the Code of the Luggage and Fancy Leather Goods Industry, but was released when it became evident that the product of these manufacturers could be classed as rightly belonging to the handbag industry. The industry includes about 75 manufacturers, with a volume of sales between four and five million dollars.

* * *

In order to facilitate the work of the Code Authority investigators, your payroll reports, time cards and other records should be freely available for inspedtion. Your earnest cooperation will be appreciated.

****

SPECIAL NOTICE

Article III, Section 2, provides:

"No person employed in shipping, clerical, or office work, unless he is employed in a managerial or executive capacity and earns not less than thirty-five dollars per week, shall be permitted to work in excess of forty hours per week averaged over any one month period."

****

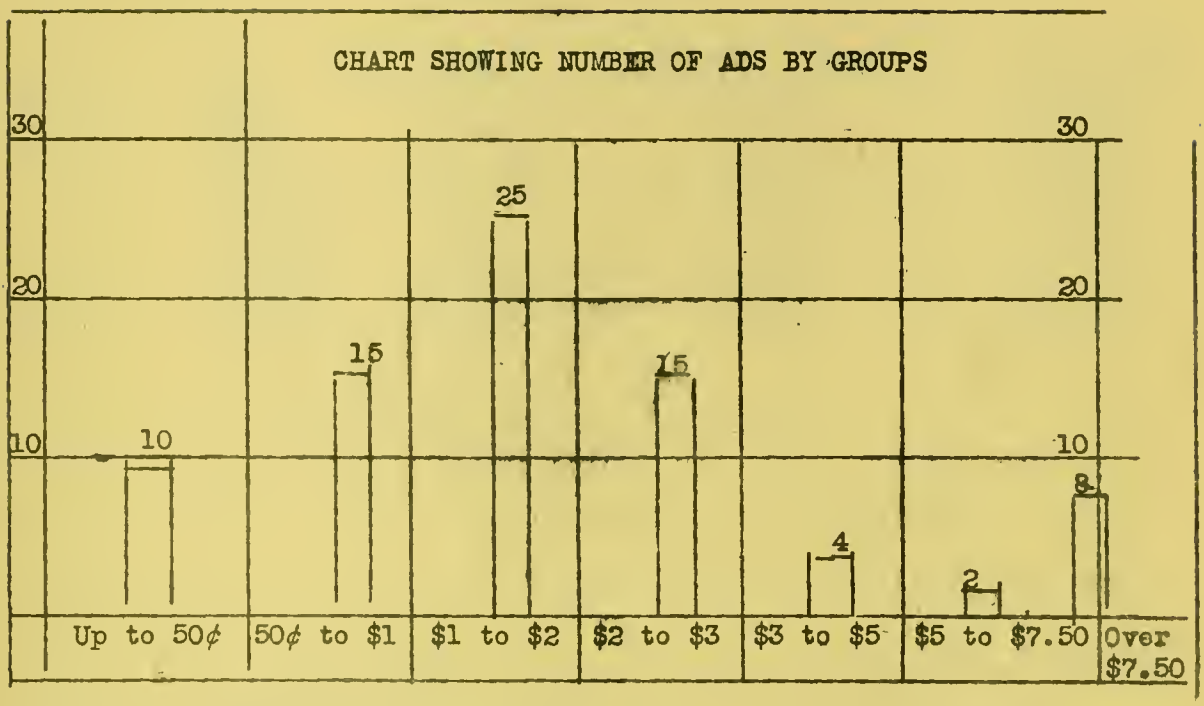
HANDBAG ADS FOR JANUARY 1935

Ads appearing in the New York Times, American, News, Mirror, Evening Sun, and Evening Journal

Total Number of Ads -- 79

TABULATION SHOWING PRICES ADVERTISED

Under 50¢		50¢ to $1.00		$1.00 to $2.00		$2.00 to $3.00		$3.00 to $5.00	$5.00 to $7.50	Above $7.50
$.15	(2)	$.50		$1.15		$2.00	(3)	$5.00	$5.49	$10.00 (
.19		.59	(5)	1.19	(2)	2.95	(8)	4.69	6.80	20.00 (
.29		.64		1.29		2.98	(4)	4.95		9.39
.39	(4)	.68		1.25				4.98		12.75
.44		.77		1.39	(4)					
.49		.79		1.45	(2)					
		.89	(2)	1.48	(2)					
		.94	(3)	1.79	(3)					
				1.90						
				1.95	(6)					
				1.98	(2)					
Totals										
10		15		25		15		4	2	3



COMPLIANCE DIVISION - (January 31, 1935)

Investigations:

Number Previously Reported	1407	
Number Made During January	459	
Total		1866
Number Non-Compliance Cases Pending	62	
Number Closed During January	26	

Restitution:

Number of Firms	63	
Number of Individual Employees	1031	
Total Amount Paid	$14,625.34	
Total Amount Pending	$13,480.00	

* * *

LABEL DIVISION - (January 31, 1935)

REGULAR LABEL SALES

	TOTAL	WEEKLY AVERAGE	DAILY AVERAGE
JUNE	1,220,000	428,571	85,714
JULY	2,154,000	512,857	102,571
AUGUST	3,539,500	741,109	148,202
SEPTEMBER	3,487,000	940,806	188,161
OCTOBER	4,045,000	879,348	175,869
NOVEMBER	4,310,000	1,023,080	204,616
DECEMBER	2,410,000	602,500	120,500
JANUARY	3,543,500	805,340	169,932
Total	24,693,500		

Total Sticker Labels 800,000
(Mfrs. and Retailers)

GRAND TOTAL 25,493,500

* * *

Your special attention is again called to the following regulations:

BLUE EAGLE ..... The use of the Blue Eagle Insignia on any cards or labels inserted in bags is absolutely illegal unless it is the official label of the Code Authority of the Ladies' Handbag Industry.

* * *

CONTRACTORS: This office must be notified immediately upon taking on any new contractors. Unless you register your contractors you are not permitted to issue labels to them.

* * *

CODE AUTHORITY

LADIES' HANDBAG INDUSTRY

347 Fifth Avenue

New York

VOL. III No. 3 NEWS BULLETIN MARCH 21, 1935

REFUND: As previously announced in our letter of March 11, 1935, the Code Authority voted to refund to members of the industry the sum of $30,000. out of surplus. The amount each member is to receive will be based upon the amount contributed by him to the Code Authority during the budget year from March 26, 1934 to March 25, 1935.

Such distribution is to be made as soon as possible after each member shall report his complete sales up to and including March 25, 1935, provided, however, that such member will have paid all amounts due to the Code Authority on account of assessments.

In order that your refund check may be mailed to you without any unnecessary delay, it is imperative that you furnish this office with your sales figures up to and including March 25, 1935, and to enclose check for amount due, as soon as possible after that date. Do not wait until the end of the month to send us your complete figures for March, as the balance of the month may be reported in April, as usual. These refunds will not be credited to your account, but will be issued in check form.

* * *

We are again calling your attention to Article III, Section 3 of the Code for the Ladies' Handbag Industry:

> "No person employed in shipping, clerical, or office work, unless he is employed in a managerial or executive capacity and earns not less than thirty-five dollars per week, shall be permitted to work in excess of forty hours per week averaged over any one month period."

There seems to be considerable misunderstanding as to this section, in fact, some members feel that the Code provisions referring to hours and wages do not apply to clerical or shipping forces. This provision is no less important than any other provision of the Code, and violation of this section carries with it the same penalties as provided for all violations of the Code.

* * *

EXTRACT FROM ADMINISTRATIVE ORDER NO. X-135

"No member of any industry subject to any Code containing mandatory label provisions shall sell, deal in or use any label bearing the Blue Eagle or bearing any other emblem or insignia of the NRA other than that issued by the Code Authority for such industry pursuant to provisions of such Code and of this Order. No member of any such industry shall sell, deal in or use any label whose form, contents or insignia are so similar to a label issued by any such Code Authority as to be deceptive."

This provision does not prohibit the use of tickets or labels to indicate the kind or type of leather, etc., but does prohibit the use of the Blue Eagle on such tickets.

* * *

Donald R. Richberg, the Executive Director of the National Emergency Council, authorized the following statement:

> "I did not submit to the Senate Finance Committee on March 13, any list of codes or any number of codes, with a recommendation that they should be 'dropped'. I suggested a method of dealing with the problem presented by the Service Industries. I also suggested the possible consolidation of a large number of small codes and said that if all codes covering less than ten thousand employees per code should be consolidated into a few codes, five hundred and thirty-seven would be 'eliminated'. This did not mean that codification of these industries would be ended, but that the number of separate codes could be reduced. There was no authority whatsoever for the printing of any list of codes, with the statement that I had recommended that they be dropped. I have not issued any such list, or recommended any such policy."

LABEL REGULATIONS NOS. 6 and 12

Your attention is especially called to Articles 6 and 12 of the Label Regulations (copy of which will be found on the back of your order blank, form No. 4).

6.- "All labels are to be securely attached to the handbag, pocketbook or purse, in a conspicuous position on the left-hand side, preferably on the mirror pocket."

"Securely attached" means either sewn to the pocket, or put into the frame.

12 - "All labels are to be used exclusively by or for the firms to whom they are issued."

Transfer of labels from one manufacturer to another is strictly against the label regulations, and constitutes a violation of the Code. This practice causes confusion in records, and makes it impossible to control compliance with the provisions of the Code.

* * *

HANDBAG ADS FOR FEBRUARY, 1935

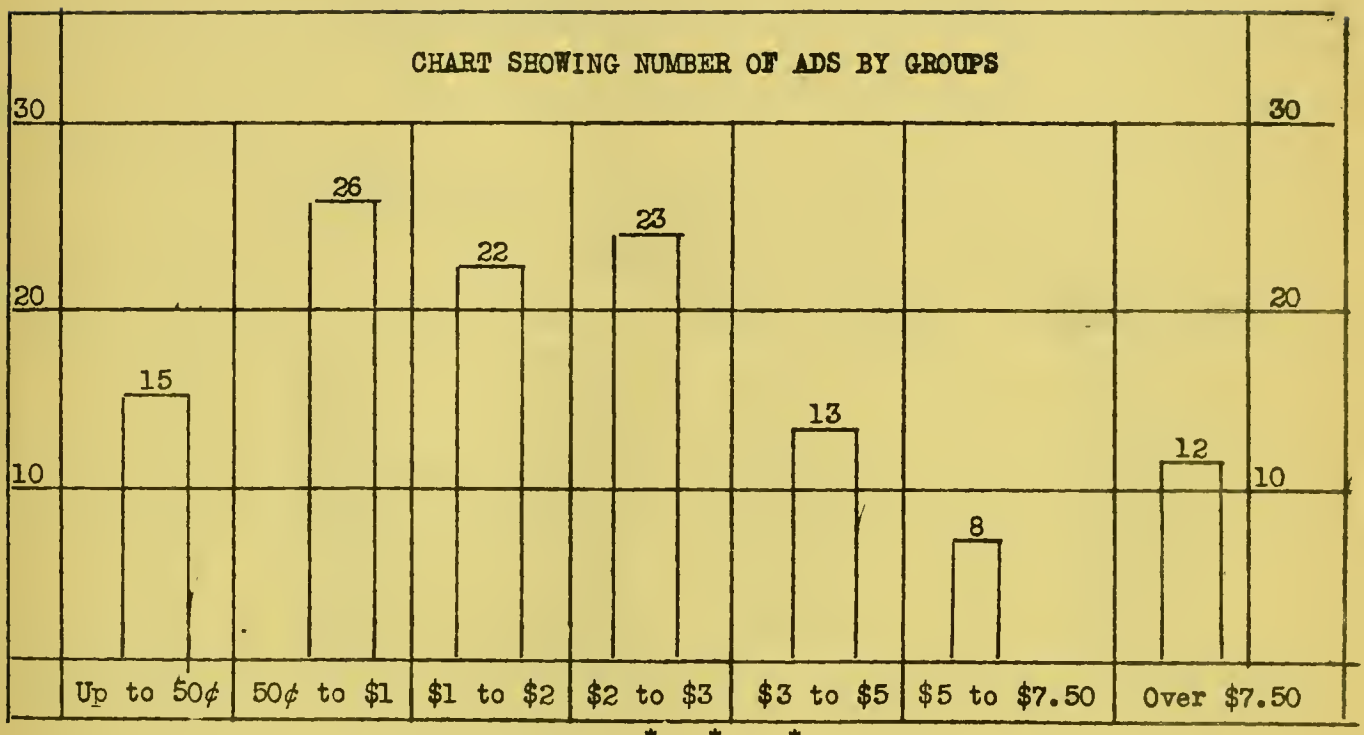
Ads appearing in the New York Times, American, News, Mirror, Tribune, Evening Sun, Evening Journal, World-Telegram and Post.

Total Number of Ads --- 119 Total Number of Lines 18,840

TABULATION SHOWING PRICES ADVERTISED

Under 50¢	50¢ to $1.00	$1.00 to $2.00	$2.00 to $3.00	$3.00 to $5.00	$5.00 to $7.50	Above $7.50
$.37 (1)	$.50 (4)	$1.19 (2)	$2.77 (6)	$3.45 (1)	$7.50 (8)	$10.00 (9)
.39(12)	.59 (3)	1.20 (5)	2.95 (10)	3.35 (1)		12.89 (1)
.49 (2)	.65 (1)	1.49 (3)	2.98 (3)	4.64 (1)		22.00 (1)
	.70 (1)	1.50 (1)	3.00 (4)	4.95 (1)		25.00 (1)
	.79 (1)	1.59 (2)		4.98 (3)		
	.94 (7)	1.69 (2)		5.00 (7)		
	.95 (1)	1.79 (2)				
	1.00 (8)	1.95 (4)				
		1.98 (3)				
Total 15	26	22	23	13	8	12

Average Ad Consists of 158 Lines



* * *

STATISTICS

COMPLIANCE DIVISION - (February 28, 1935)

Investigations:

Number Previously Reported	1866	
Number Made During February	554	
Total		2420
Number Non-Compliance Cases Pending	91	
Number Closed During February	22	

Restitution:

Number of Firms	64
Number of Individual Employees	1033
Total Amount Paid	$14,668.30
Total Amount Pending	$16,000.00

* * *

Analysis of the Industry:

Number of Manufacturers	337
Number of Contractors	175

* * *

LABEL DIVISION - (February 28, 1935)

REGULAR LABEL SALES

	TOTAL	WEEKLY AVERAGE	DAILY AVERAGE
JUNE	1,220,000	428,571	85,714
JULY	2,154,000	512,857	102,571
AUGUST	3,529,500	741,109	148,202
SEPTEMBER	3,487,000	940,806	188,161
OCTOBER	4,045,000	879,348	175,869
NOVEMBER	4,310,000	1,023,080	204,616
DECEMBER	2,410,000	602,500	120,500
JANUARY	3,543,500	805,340	161,168
FEBRUARY	3,092,000	813,684	162,737
Total	27,790,500		

Total Sticker Labels 800,000
(Mfrs. and Retailers)

GRAND TOTAL 28,590,500

* * *

MUFF BEDS: We are in receipt of classification of muff beds by Mr. C. H. James, Executive Assistant, Textile Division, as follows:

> "The manufacture of muff beds as such is covered by Ladies' Handbag Code except when muff beds are made by a manufacturer as an incidental part in the manufacturing of completed muffs when they are included in the applicable Code for that manufacturer."

* * *

Exhibit "C"

CODE AUTHORITY

LADIES' HANDBAG INDUSTRY

347 Fifth Avenue

New York

VOL. III, No. 4 NEWS BULLETIN APRIL 12, 1935

****

RESOLUTION

WHEREAS the Code Authority of the Ladies' Handbag Industry has been administering the Code for over a year and has had ample opportunity to observe the benefits derived under the Code for the industry, and

WHEREAS the Code Authority knows that previous to the approval of the Code, competition was based solely on the exploitation of labor which undermined the industry because of gross inequalities in labor costs, and

WHEREAS regardless of any mistakes that have been made, under the NRA Act, yet to the best of their knowledge and belief, the industry has shown a remarkable improvement due to the operation of the Code, and

WHEREAS it is an unquestioned fact that this Code has reduced unemployment, shortened the daily hours of workers, eliminated child labor, increased wages as well as reduced unfair trade practices appreciably, therefore

BE IT RESOLVED that the Code Authority of the Ladies' Handbag Industry goes on record as heartily supporting the President's request to extend the NRA.

****

The above resolution which was passed by the Code Authority at its last meeting has been sent to the members of the House of Representatives and the Senate. However, <u>your</u> Congressman and <u>your</u> Senator are anxious to know <u>your</u> opinion. It is important that individual members of the industry add their approval to that of the Code Authority. Wire or write the Congressman for your district, and the Senator from your State, urging them to support the President's request for the extension of NRA.

D O I T T O D A Y !

* * *

STATISTICS

COMPLIANCE DIVISION - (MARCH 31, 1935)

Investigations:

Number Previously Reported	2420
Number Made During March	738
Total	3158
Number Non-Compliance Cases Pending	85
Number Closed During March	31

Restitution:

Number of Firms	70
Number of Individual Employees	1041
Total Amount Paid	$14,811.23
Approximate Amount Pending	$16,000.00

* * *

Analysis of the Industry:

Number of Manufacturers	341
Number of Contractors	179

* * *

LABEL DIVISION - (MARCH 31, 1935)

	TOTAL	WEEKLY AVERAGE	DAILY AVERAGE
JUNE, 1934	1,220,000	488,571	85,714
JULY	2,154,000	512,357	102,571
AUGUST	3,529,000	741,109	148,202
SEPTEMBER	3,487,000	940,806	188,161
OCTOBER	4,044,500	879,348	175,869
NOVEMBER	4,310,000	1,025,000	204,316
DECEMBER	2,410,000	602,500	120,500
JANUARY, 1935	3,543,500	805,340	161,168
FEBRUARY	3,092,000	818,684	164,737
MARCH	3,754,000	878,309	178,761
Total	31,544,500		

Total Sticker Labels 875,000
(Mfrs. and Retailers)

GRAND TOTAL 32,359,500

* * *

HANDBAG ADS FOR MARCH, 1935

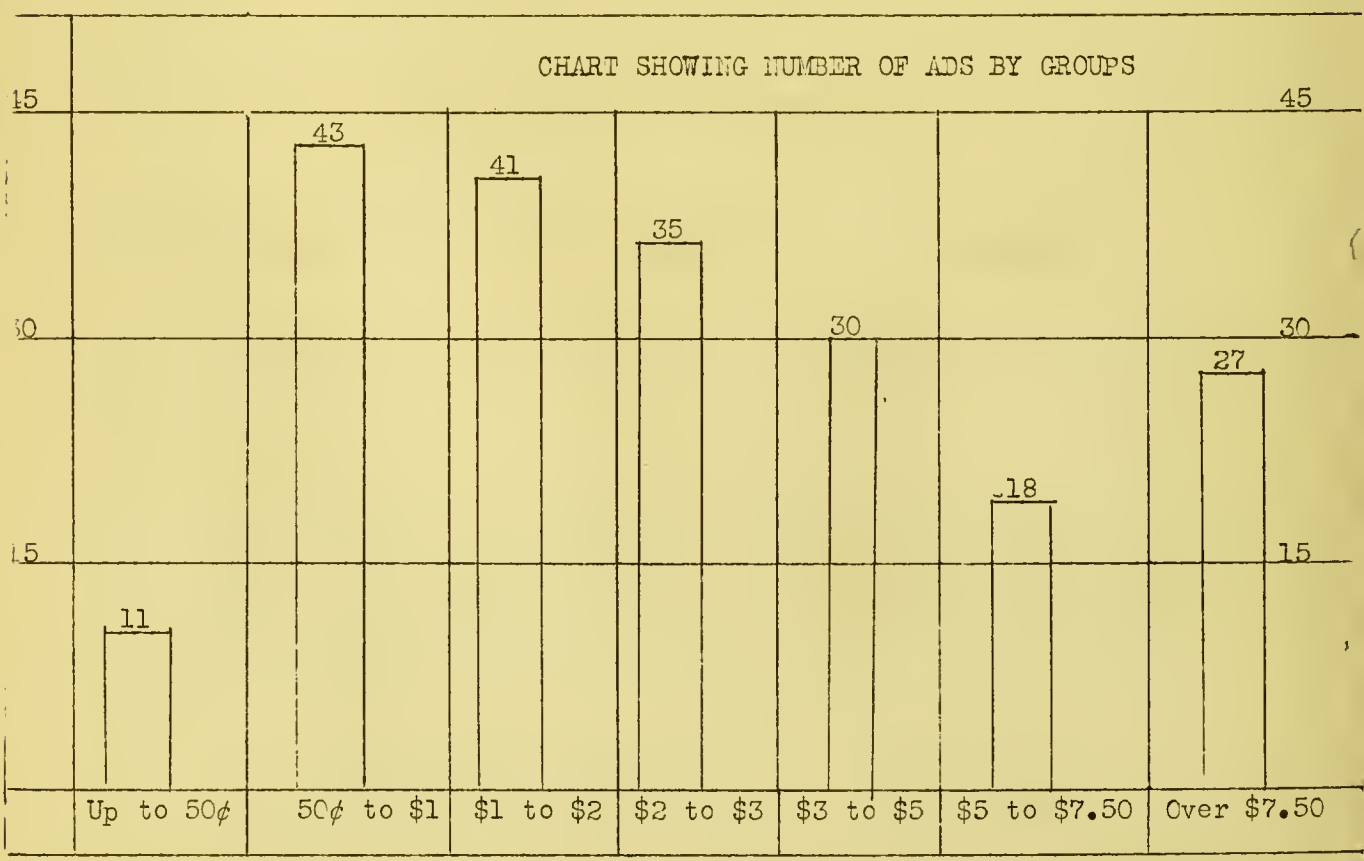
Ads Appearing in the New York Times, American, News, Mirror, Tribune, Evening Sun, Evening Journal, World-Telegram, Post, Brooklyn Eagle, and Brooklyn Times-Union

Total Number of Ads ----205 Total Number of Lines--41,039

TABULATION SHOWING PRICES ADVERTISED

Under 50¢	50¢ to $1.00	$1.00 to $2.00	$2.01 to $3.00	$3.01 to $5.00	$5.01 to $7.50	Above $7.50
.10 (1)	$ .50 (4)	$1.09 (2)	$2.29 (3)	$3.85 (1)	$5.95 (2)	$9.98 (2)
.33 (2)	.55 (1)	1.19 (2)	2.39 (1)	3.95 (1)	6.98 (1)	10.00 (9)
.35 (2)	.59 (7)	1.29 (3)	2.77 (3)	4.64 (1)	7.50 (15)	10.50 (3)
.39 (3)	.63 (1)	1.49 (5)	2.85 (1)	4.95 (5)		12.75 (1)
.42 (1)	.66 (2)	1.59 (9)	2.95 (12)	4.98 (7)		12.98 (1)
.49 (2)	.69 (1)	1.65 (1)	2.98 (11)	5.00 (15)		13.89 (1)
	.79 (6)	1.83 (1)	3.00 (4)			15.00 (3)
	.87 (3)	1.85 (1)				16.50 (1)
	.89 (2)	1.95 (5)				18.50 (3)
	.94 (7)	1.98 (3)				22.50 (1)
	1.00 (9)	2.00 (6)				25.00 (2)
Total 11:	43 :	41 :	35 :	30 :	13:	27 :

Average Ad Consists of 200 Lines



E X H I B I T D

Letter from Code Director showing division of Industry between Leather and Imitation Leather.

EXHIBIT D.

C
O
P
Y

September 13, 1935.

Mr. O. W. Pearson
National Recovery Administration
426 Investment Building
Washington, D. C.

Dear Sir:

Answering your inquiry, , the percentage of bags made of leather figured in dollar value, is about fifty per cent, and fifty per cent imitation leather, including all other fabrics.

Figured in units, the percentage of bags made of leather is about thirty per cent, and seventy per cent of imitation leather.

I trust this will give you the desired information.

Everybody here joins me in sending our kindest regards.

Sincerely yours,

(Signed) A. Mittenthal

AM:AS

E X H I B I T E

Division of Economic Research and
Planning Brief

EXHIBIT "E"

NATIONAL RECOVERY ADMINISTRATION

DIVISION OF ECONOMIC RESEARCH AND PLANNING

LADIES', MISSES' AND CHILDREN'S HANDBAGS INDUSTRY

Prepared by

James P. Davis

Approved by
Andrew T. Court, Unit Chief

First Edition

February 8, 1934

9811

LADIES', MISSES' AND CHILDREN'S HANDBAGS

Number of Employees

On the basis of Census data supplemented by statistics presented by the industry, it is estimated that the average number of employees in the Ladies', Misses' and Children's Handbag Industry in 1929 was about 10,000.

Summary

This is a young and growing industry. Hours should be further shortened. There are a few objections to certain minor provisions.

Scope and Size of the Industry

As defined in the proposed code, the industry includes the manufacture of handbags, pocketbooks, and purses for ladies, misses, and children. All materials are included, but the manufacture of pocketbooks and billfolds for men is not so included.

The industry as so defined has in recent years represented an annual volume of business ranging from a maximum of about 67 million dollars in 1929 to about 35 million dollars in 1931 and 1932. The development of the industry from the first decade of the century has been rapid; and it is still in an early phase of its life cycle and can be expected to maintain and perhaps further increase its importance. Taken in connection with the fact that it is now operating at maximum volume of production, this condition of vigorous growth indicates that this industry should be expected to continue increasing employment and could readily submit to further restriction of hours for that purpose. The following table shows the increase in employment and volume since 1921:

	Wage Earners	Value of Product (Thousands)
1921	2,715	$13,085
1923	5,518	32,732
1935	6,826	43,105
1927	8,570	57,345
1929	10,430	68,628
1931	8,747	43,147
1932	12,000	35,000
1933	12,000	35,000

Source: 1923 - 1931, Bureau of Census.
1932 and 1933 - Report from the industry.

It may be noted that an average of about 7 per cent of employment and volume produced should be deducted from these figures to cover the production of men's pocketbooks and billfolds.

Geographically, the industry is concentrated to a large extent in the East-New York having in 1929, 192 establishments; Pennsylvania and Massachusetts, 17 each; Illinois, 10; New Jersey, 9; and California, 11. The total number of establishments in the entire country was about 200.

Employment, Hours and Wages

The best available figures indicate that the average hours worked in the industry prior to the adoption of the President's Reemployment Agreement were about 48 per week. The adoption of the President's Reemployment Agreement, giving theoretically an increase of 20 per cent in employment to offset restriction in hours, has probably produced an increase of about 15 per cent, or a total increase in employment of about 1,800.

On account of the fact that most of the workers in the industry were receiving somewhat more than the minimum set by the President's Reemployment Agreement, the increase in payroll corresponds roughly with the increase in employment. It is believed that there has been no extensive increase in average earnings. No definite figures are available on this point at this time.

The labor cost in this industry is relatively high because of the rather large amount of detail work necessary on handbags. For 1929 the ratio of wages paid to value added was 45.8 and in 1931 - 47.7, as compared with 36.4 and 36.3 in general manufacturing. In a general way, labor cost may be set at about 25 per cent of wholesale price of the merchandise of the product. It follows that an increase of 4 per cent in labor cost would be reflected in an increase of 1 per cent in wholesale price. If therefore hours were further shortened to 35 producing an increase of about 15 per cent in labor cost and weekly wage scales were maintained, the effect on wholesale prices would be approximately 4 per cent increase. Since this merchandise is usually sold in retail trade with a large mark-up, it seems that there should be no great difficulty in further restricting hours, particularly in a period of rising prices when the addition of a reasonable amount to the retail price of a handbag would not be a serious handicap to its sale by the retail store. The only difficulty is that most articles of this type are grouped by retail stores into certain price classes such as $1.69, $1.98, $2.54, $2.98, etc. It may frequently happen that a slight change in the wholesale price would make it necessary to move the article into the next higher price class causing a much larger mark-up. One of the largest retail establishments in the country urged this point strongly in the hearing.

Comments on the Code

The Code, as now revised, is generally free of controversial provisions and, with a few exceptions, no objection is seen to its approval as drafted.

In Article IV, Section 6 there is a provision which contemplates the establishment of classified wage scales for the industry. Since the establishment of classified wage scales under codes is contrary to to Administration policy, it would seem wise to eliminate this provition.

In the trade practices, Article VIII, Paragraph 3, the paragraph prohibiting the use of misleading advertising or selling methods also prohibits the use of misleading credit terms. The application of this provision is not clear, and it would seem that credit terms should be dealt with in other sections of the Code.

Paragraph 8 prohibits the payment of all rebates and other forms of allowance. While there is no objection to the prohibition of secret rebates, it seems that the clause as written might restrict many legitimate and established trade practices.

Paragraph 12. Recent developments have brought the uniform discount clause of trade practices under criticism, and it is suggested that unless the proposed clause conforms closely with the well-established practice of the industry, it might contribute further cause for such criticism.

Paragraph 14. This paragraph prohibits all forms of return of merchandise after seven days and severely restricts returns within that period. It is questioned whether so stringent a provision as to the return of merchandise would be equitable under all conditions.

Prepared by_____
Project Supervisor

Read and Approved by _____
Unit Chief

JPD:hls
2-8-34

9811

E X H I B I T F

Statistics

EXHIBIT F

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
347 FIFTH AVENUE
NEW YORK

March 13, 1935.

Col. Walter Mangum
Deputy Administrator
NRA, Division 3
Commerce Bldg.
Washington, D. C.

Dear Col. Mangum:

We are submitting for approval the budget for the Ladies' Handbag Industry as approved by the Code Authority at a meeting held March 7, 1935 at the Hotel McAlpin, New York.

Period — This budget is for the period beginning March 26, 1935, and ending March 25, 1936.

Amount — The total amount of the budget is $110,641. The budget is divided into two periods -- one from March 26, 1935 to June 16, 1935; the second from June 17, 1935 to March 25, 1936.

Rate — The rate of assessment if one-fourth of one per cent of the sales of the members of the industry.
The total volume of sales for the industry is estimated at $45,000,000. The total income from assessments at the rate of one-fourth of one per cent should amount to $112,500.

Labels — There will be no change in the price charged for labels of $2.50 per thousand, since the total price paid for the labels is credited at the end of the month to the amount of assessment due. In the case of the makers of low priced bags, the amount paid for the labels during the month should exceed the amount of the assessment due, in which case the difference is refunded by allowing a credit on the next purchase of labels, or by check if requested. In the case of makers of high priced bags, the assessment generally amounts to more than the amount advanced for labels, in which case the difference is paid to the Code Authority.

Present Budget — The present budget expires on March 25, 1935. The budget was estimated at $133,540, and the method of assessment was based on one-third of one per cent of volume of sales which it was estimated would be $45,000.000. The Code was effective March 26, 1934 but the use of labels was not made effective until July 2, 1934. During this period no income from assessments was available for Code work so that the activities of the Code Authority were necessarily limited and very little expense was incurred during the first three months.

Amount of Assessments

On the basis of sales figures as reported up to January 31, 1935, and estimating the sales to the end of the budget period, March 25, 1935, the total assessments due from members of the industry will amount to about $115,000.
The amount actually expended for Code work up to January 31, 1935 plus the estimated expenses to the end of the budget period, March 25, 1935, will amount to about $73,000,. leaving a surplus of approximately $42,000. The Code Authority passed a resolution to distribute, at the end of the budget year, March 25, 1935, $30,000,00 of this surplus to the members of the industry in proportion to the amount contributed by each member to the Code Authority during the budget year.
The balance of the surplus amounting to about $12,000. will be allowed to remain with the Code Authority so as to insure funds for the continuation of Code work.

Comparative Budget Figures

The new budget, from March 26, 1935 to March 25, 1936, is to be $23,000. less than the old budget from March 26, 1934 to March 25, 1935.
The rate of assessment is reduced from one-third of one per cent to one-fourth of one per cent.
The method of assessment will remain the same, being based on the volume of sales, to all members of the industry alike.
The price of labels will remain the same, $2.50 a thousand.
The method of assessment will remain the same -- the total amount paid for labels will be credited against assessments.

Very truly yours,

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY

AM:R:AS

(Signed) A. Mittenthal
A. Mittenthal
Code Director

C O P Y

EXHIBIT F

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
347 FIFTH AVENUE
NEW YORK

March 13, 1935

Col. Walter Mangum
Deputy Administrator
Commerce Bldg.
Washington, D.C.

Dear Col. Mangum:

I transmit herewith for your approval the budget for this Code Authority from the period March 26, 1935 ending March 25, 1936, together with copies of the resolutions passed by the Code Authority.

This budget shows a substantial reduction over that of the preceding one. There are but one or two items to-which I believe it necessary to draw your special attention. The first is "Handbags Purchased - $200." This Code Authority has from time to time found it necessary to purchase bags advertised and displayed in the stores, so that they may check sources of supply and curb, wherever found necessary, unfair advertising statements made by various outlets.

The second are two items of $5000. each, for "Statistical Work", and "Trade Development and Research". This Code Authority has during the past twelve months been endeavoring to get together a picture of this industry to the end that industry might better know itself, and possibly therein find the answer to some manufacturing and distributive problems that have troubled them for so long. A good start has been made, and I feel that this type of work should be encouraged.

Taking the budget as a whole, it meets my entire approval. Each item in it has been carefully weighed and I think the Code Authority is to be commended for the care with which they have approached this important matter. I therefor ask your approval of it.

Very truly yours,

OWP:E:A

(Signed) O. W. Pearson
O. W. Pearson
Administration Member
Code Authority Ladies' Handbag Industry

9811

EXHIBIT F

BUDGET

CODE AUTHORITY
for the
LADIES' HANDBAG INDUSTRY

***

1. Title of Code Authority: Code Authority Ladies' Handbag Industry.

2. Address: 347 Fifth Avenue, New York, N. Y.

3. Budgetary Period: From March 26, 1935 to March 25, 1936. (12 Months)
(If the NRA is not extended by Congress on or about June 16, 1935, the budget will be effective to that date only.)

4. Effective Date of Code: March 26, 1934.

5. Assessments are based on 1/4 of 1% of the sales of manufacturers and manufacturing jobbers. Contractors are not assessed. The sales for the industry are estimated at $45,000,000. At the rate of 1/4 of 1%, the assessments will amount to $112,500.

The rate of 1/4 of 1% mentioned above applies to the new budget for the forth-coming year. This is a reduction from the former rate of 1/3 of 1% in effect throughout the first year of operation.

The method of collecting the assessments is as follows: Labels are sold to the manufacturers and manufacturing jobbers at the rate of $2.50 per thousand labels. This total amount is credited as an advance against the assessments. In the following month after purchase of labels, the manufacturer reports his sales at 1/4 of 1%, applies his advance credited to him at the time of purchase, and remits for the difference, or is credited by the Code Authority, depending upon whether the difference is due to the Code Authority or due to the manufacturer. In the latter case, he applies this credit on his next purchase of labels.

The record of labels sold applicable to last year's budget is as follows:

Estimate of Label Sales from March 26, 1934 to June 18, 1934 (date of first sale)	10,000,000 labels
Number of Labels actually sold from June 18, 1934 to January 31, 1935.	25,262,200 "
Estimated February 1, 1935 to March 25, 1935	6,000,000 "
Total Labels for Old Budget Period	41,262,200 "

The estimate for the new budget for the period March 26, 1935 to March 25, 1936 is 65,000,000 labels. This estimate is divided into 45,000,000 of the labels sold to the present members of the industry, and 20,000,000 to be sold to the two new groups, Imitation Leather &

Novelties Industry, and Shopping Bags, Bathing Bags, etc. Industry, which are soon to be included under the administration of this Code Authority.

PROTECTION OF FUNDS:

(a). Designation of the person or persons who will receive and account for all funds.
Answer: Executive Director, Compliance Director, Treasurer and Secretary.

(b) The giving of adequate security by him or them.
Answer: Adequate bonds.

(c) The segregation of Code Authority funds from all others, separate bank accounts being necessary.
Answer: Funds are deposited in two banks and those deposits are made up of Code Authority funds only.

(d) The keeping of accurate records or records and disbursements, of amounts levied, of amounts receivable, of amounts payable, and of commitments.
Answer: Complete detailed and accurate accounting records made of all income and expenditures.

(e) The submission of periodic reports to NRA.
Answer: Monthly audited statements by independent outside firms of Certified Public Accountants submitted to NRA.

(f) An annual audit by independent outside competent agency.
Answer: Annual audit made by independent outside firm of Certified Public Accountants submitted to NRA.

If assessments are based on classes of establishments, explain the basis of classification and indicate the number of establishments of each class:

Assessments are based on the sales of manufacturers and manufacturing jobbers of which there are approximately 325 concerns. Contractors, who number approximately 175, are not assessed.

General Information:

a. Number of establishments in Industry	500
b. Number of establishments to be assessed	325
c. Number of establishments which have paid assessments	325
d. Annual sales for 1934-1935	$35,000,000
e. Amount of sales on which assessments have been collected to date	$26,093,664
f. Volume of sales on which assessments will be collected	$ 7,000,000
g. Number of employees as of December 31, 1935	15,000
h. Total annual payroll for Industry for 1934-1935	$ 9,000,000

i. Geographical distribution of manufacturers:

Sales volume for the period starting March 26, 1934 and ending December 31, 1934, based on reports submitted by manufacturers up to January 31, 1935.

Area	Net Sales	Per Cent
Eastern	$23,873,650	91.50
Southern	601,481	2.30
Midwestern	1,392,490	5.33
Pacific Coast	226,043	.87
Total	$26,093,664	100.00

Explanation:

Eastern - - - - New York, Massachusetts, Connecticut, Rhode Island, New Jersey, Pennsylvania.

Southern- - - - Maryland, Virginia, Florida, Texas

Midwestern - - - Illinois, Wisconsin, Missouri, Ohio

Pacific Coast - Washington, California.

EXHIBIT F

EXHIBIT A

SALARIES

Executives	Position	Time Devoted to Position	Salary per Week	Annual Total
Mr. A. Mittenthal -	Chief Executive Director	Full Time		$10,400.00
Mr. M. Berkowitz -	Director of Compliance	"		$10,400.00
Mr. M. S. Mosesson-	Executive Secretary	"		$ 5,200.00
	Total Executive Salaries			$26,000.00

Clerical				
R. A. Segner,	Sec'y. to Compliance Director	Full Time	$25.	
C. Waters	Bookkeeper	"	31.	
P. Cohen	Ass't. Dirpr. & Statistical	"	18.	
M. Feller	Stenographer & Statistical	"	17.	
E. Levine	Stenographer	"	19.	
D. Wohlfeld	Steno. & Tel. Operator	"	18.	
A. Sosansky	Stenographer	"	23.	
Y. Grodzinsky	Stenographer	"	17.	
J. Brodkin	Label Clerk	"	20.	
	Total Clerical Salaries		$188.	$ 9,852.00

Comments on Clerical Salaries: The above schedule contemplates an increase of three dollars per week for all clerical employees. These employees will have been with us more than one year and will be entitled to such increase.

The Executive Secretary receives $5000. per annum at the present time even though the intention was to pay him $5200. per annum. This will take effect starting with the new budget.

Investigators:				
L. Merzbach	Chief Investigator	Full Time	$60.	
D. Sobel	Investigator	"	40.	
M. Rosenberg	Investigator	"	30.	
I. Schor	Investigator	"	27.	
One additional	Investigator	"	40.	
	Total Investigators' Salaries		$197.	$10,324.00

Comments on Investigators' Salaries: The above schedule contemplates the following increases:

L. Merzbach	$10.
M. Rosenberg	5.
I. Schor	5.

The first two will have been with us a year and are fully experienced. Mr. I. Schor is now hired at a trial salary at $22. and as soon as he is experienced, he will be given his increase.

Total Salaries $46,176.00

EXHIBIT F

EXHIBIT B

REGIONAL OFFICES

Provision is made in the budget for regional offices to be set up and funds to be alloted as follows:

Chicago	$ 3,000
Pacific Coast	2,000
Total	$ 5,000

EXHIBIT C

LEGAL FEES

The budget contains no provision for legal fees.

EXHIBIT D

TRAVELING EXPENSE

Members of Code Authority

Payment is made on the basis of expense vouchers submitted by such member for each individual trip.

Employees

Mr. Sobel, an investigator, receives $4.00 per day for out of town trips to New Jersey, Pennsylvania, New York State, Connecticut, Maine, Rhode Island, Maryland, Virginia, etc. This figure will have to be increased to $6.00 per day to reimburse him for proper expenditures.

All other employees, and Mr. Sobel, when in metropolitan area, are paid for traveling expenses on the basis of expense vouchers submitted by each individual.

Approval

All expense vouchers must bear the signature of the recipient of the money, and the approval of the following:

Mr. M. S. Mosesson, Executive Secretary
and either Mr. M. Berkowitz, Director of Compliance
or Mr. A. Mittenthal, Executive Director

EXHIBIT F

EXHIBIT E

COMPLIANCE FUNCTIONS

		March 26, 1935 to June 16, 1935	June 17, 1935 to Mar. 26, 1936	Total
Salaries				
Mr. Berkowitz, Director of Compliance		$ 2,343.	$ 8,057.	$10,400.
Miss Segner, Secretary to Dir. of Comp.	$25.			
Miss Grodzinsky, Stenographer	17.			
	$42.	496.	$ 1,705	2,201
Investigators				
Mr. L. Merzbach, Chief	$60.			
Mr. D. Sobel	40.			
Mr. M. Rosenberg	30.			
Mr. I. Schor	27.			
One additional	40.			
	$197.	$ 2,324.	$ 8,000.	$10,324
Handbags Purchased		$ 50.	$ 150.	$ 200
Regional Office Expense (See Exhibit B)		$ 2,000.	$ 3,000.	$ 5,000
Traveling Expenses (See Exhibit D) Employees		$ 1,800.	$ 4,700	$ 6,500
Total Compliance Functions		$ 9,013	$25,612	$34,625

STATEMENT OF LABELS ISSUED TO HANDBAG MANUFACTURERS, HANDBAGS PUT IN WORK, AND BALANCES OF LABELS ON HAND AT HANDBAG MANUFACTURERS AT

EXHIBIT D.

Location.	JUNE 12, 1934 TO FEBRUARY 28, 1935. Labels Issued.	Handbags Put in Work.	Balances of Labels On Hand at Handbag Manufacturers at February 28, 1935.	MONTH OF FEBRUARY, 1935. Labels Issued	Handbags Put in Work.
New York City	9,556,000	7,475,610	1,520,112	1,045,500	823,970
Upper New York State	4,342,000	3,453,994	1,026,924	430,000	487,370
Maine	2,000	-	2,000	-	-
Massachusetts	3,114,000	2,281,073	553,570	252,000	234,760
Rhode Island	142,000	121,000	21,000	23,000	15,000
Connecticut	3,133,125	2,671,069	503,056	296,000	295,831
New Jersey	3,719,700	3,360,381	394,068	478,500	494,431
Pennsylvania	2,676,000	2,308,886	989,082	400,500	727,081
Maryland	229,000	150,000	79,000	1,000	-
Virginia	110,500	70,303	40,197	15,000	-
North Carolina	2,500	-	2,500	500	-
Florida	76,500	65,000	11,500	12,000	12,000
Ohio	17,500	8,272	9,228	3,000	-
Illinois	584,000	457,785	126,215	67,000	61,801
Wisconsin	207,875	173,923	33,952	14,000	20,376
Missouri	260,000	175,912	84,088	30,000	23,000
Texas	18,000	6,699	11,301	4,000	2,000
California	139,000	81,373	60,627	14,500	10,173
Washington	25,000	18,258	6,742	6,000	2,257
Total	28,354,700	22,879,538	5,475,162	3,092,500	3,210,050

SUMMARY OF LABELS ISSUED AND PERCENTAGES ACCORDING TO AREA.

Area	Labels Issued.	%
New York City	9,556,000	33.70%
New England	6,391,125	22.54%
Middle Atlantic	10,737,700	37.87%
Southern	436,500	1.54%
Mid-Western	1,069,375	3.77%
Western	164,000	.58%
	28,354,700	100.00%

CODE AUTHORITY LADIES' HANDBAG INDUSTRY

STATEMENT OF NET SALES REPORTED BY HANDBAG MANUFACTURERS.

EXHIBIT C.

REPORTED DURING THE PERIOD JUNE 10, 1934 TO FEBRUARY 28, 1935.

Manufacturer.	Total.	Mar.26,1934 to Apr.30,1934.	May, 1934.	June, 1934.	July, 1934.	August, 1934.	September, 1934.	October, 1934.	November, 1934.	December, 1934.	January, 1935.	February, 1935.
New York City	12,091,814.00	1,646,879.00	1,267,720.00	706,038.00	403,994.00	1,423,001.00	1,401,661.00	1,600,252.00	1,987,893.00	1,202,819.00	447,564.00	3,993.00
Upper New York State	2,956,929.00	403,552.00	289,352.00	197,331.00	61,680.00	346,237.00	264,728.00	520,267.00	316,071.00	412,672.00	145,039.00	-
Massachusetts	3,332,161.00	400,890.00	327,651.00	235,030.00	139,054.00	442,463.00	512,460.00	419,337.00	486,545.00	308,669.00	58,680.00	782.00
Connecticut	2,194,830.00	310,247.00	280,432.00	189,196.00	65,400.00	273,572.00	309,448.00	263,165.00	272,372.00	135,606.00	95,392.00	-
Rhode Island	115,981.00	12,483.00	12,379.00	4,635.00	9,873.00	10,295.00	16,918.00	21,353.00	13,085.00	8,620.00	6,280.00	-
New Jersey	2,234,184.00	253,674.00	253,014.00	186,145.00	84,213.00	207,062.00	234,594.00	347,545.00	333,004.00	178,836.00	176,466.00	531.00
Pennsylvania	2,789,605.00	364,555.00	193,120.00	95,278.00	90,764.00	272,569.00	314,615.00	472,551.00	465,635.00	371,154.00	149,364.00	-
Maryland	308,363.00	41,192.00	32,318.00	23,231.00	8,344.00	23,316.00	31,765.00	43,866.00	44,439.00	40,085.00	14,207.00	-
Florida	66,258.00	9,866.00	6,956.00	6,956.00	7,349.00	2,497.00	7,122.00	-	10,138.00	6,354.00	9,020.00	-
Illinois	812,187.00	86,304.00	63,404.00	38,467.00	23,681.00	83,783.00	111,230.00	156,063.00	130,674.00	79,293.00	39,283.00	-
Wisconsin	363,450.00	24,210.00	13,873.00	6,619.00	15,349.00	39,882.00	46,117.00	75,140.00	63,070.00	55,026.00	24,164.00	-
Missouri	354,202.00	23,030.00	25,864.00	17,103.00	16,575.00	47,651.00	53,295.00	66,645.00	48,559.00	45,360.00	10,120.00	-
Washington	38,271.00	6,925.00	9,267.00	1,912.00	1,163.00	4,035.00	4,002.00	5,089.00	3,781.00	655.00	1,497.00	-
California	216,374.00	31,221.00	16,635.00	13,496.00	11,880.00	21,402.00	28,143.00	39,535.00	22,732.00	22,441.00	8,839.00	-
Virginia	255,732.00	82,932.00	63,863.00	14,127.00	2,737.00	10,758.00	19,617.00	23,601.00	21,266.00	11,771.00	-	-
Texas	7,502.00	966.00	520.00	292.00	101.00	1,008.00	1,364.00	1,972.00	845.00	434.00	-	-
Ohio	29,055.00	-	-	-	518.00	3,982.00	4,239.00	6,538.00	9,074.00	4,704.00	-	-
Total Manufacturers Net Sales	28,166,898.00	3,693,931.00	2,840,418.00	1,740,956.00	943,340.00	3,213,513.00	3,361,318.00	4,063,514.00	4,229,183.00	2,884,504.00	1,185,915.00	5,306.00
Assessment of 1/3 of 1% per Exhibit B	93,889.66	12,329.77	9,468.06	5,803.18	3,144.47	10,711.71	11,204.40	13,545.04	14,097.28	9,615.02	3,953.05	17.68
Number of Sales Reports Received		267	273	272	282	282	302	311	303	291	271	3

REPORTED DURING THE MONTH OF FEBRUARY, 1935.

Total Manufacturers Net Sales.	2,073,234.00	112,103.00	950.00	407.00	5,336.00	1,100.00	2,396.00	9,160.00	87,327.00	664,190.00	1,134,959.00	5,306.00
Assessment of 1/3 of 1% per Exhibit B	6,910.78	373.68	3.17	1.35	17.79	3.67	7.99	30.53	291.09	2,213.97	3,949.86	17.68
Number of Sales Reports Received		13	1	1	1	1	1	4	18	68	192	3

SUMMARY OF NET SALES REPORTED BY HANDBAG MANUFACTURERS AND PERCENTAGES ACCORDING TO AREA.

Area.	Net Sales.	%.
New York City	12,091,814.00	42.93%
New England	5,642,972.00	20.03%
Middle Atlantic	7,980,718.00	28.33%
Southern	637,855.00	2.26%
Mid-Western	1,558,894.00	5.53%

CODE AUTHORITY LADIES' HANDBAG INDUSTRY

STATISTICS COMPILED FROM PAYROLL REPORTS FOR THE MONTH OF NOVEMBER, 1934.

EXHIBIT E.

	Submitted by Handbag Manufacturers.						Submitted by Handbag Contractors.					
		Weeks Ended						Weeks Ended				
	Number of Reports Received.	November 3.	November 10	November 17.	November 24.	November 30.	Number of Reports Received.	November 3.	November 10.	November 17.	November 24.	November 30.
Number of Persons Employed:												
Metropolitan New York	92	1,909	1,885	1,867	1,845	1,299	11	68	97	94	100	81
Other Cities	69	5,397	5,358	5,337	5,211	4,703	5	147	195	190	174	166
Total	161	7,306	7,243	7,204	7,056	6,002	16	215	292	284	274	247
Number of Hours Worked:	Total.						Total.					
Metropolitan New York	306,190	69,124	65,656	66,897	63,701	40,812	13,647	2,132	2,872	2,891	3,262	2,490
Other Cities	924,152	198,473	197,329	191,931	183,129	153,290	31,409	5,451	7,325	6,830	6,440	5,363
Total	1,230,342	267,597	262,985	258,828	246,830	194,102	45,056	7,583	10,197	9,721	9,702	7,853
	Total.						Total.					
Wages Paid:												
Metropolitan New York	205,768.00	46,176.00	43,513.00	44,775.00	43,607.00	27,697.00	7,110.00	1,159.00	1,422.00	1,465.00	1,680.00	1,384.00
Other Cities	386,421.00	81,498.00	82,914.00	81,595.00	76,259.00	64,155.00	12,732.00	2,272.00	2,987.00	2,712.00	2,579.00	2,182.00
Total	592,189.00	127,674.00	126,427.00	126,370.00	119,866.00	91,852.00	19,842.00	3,431.00	4,409.00	4,177.00	4,259.00	3,566.00

CLASSIFICATION OF PERSONS EMPLOYED.

Occupation.	Total.	Metropolitan New York.	Other Cities.
Cutters	458	135	323
Clickers	61	8	53
Parers	84	29	55
Pocketbook Makers	364	175	189
Helpers	745	273	472
Cementers	464	53	411
Operators	1,704	368	1,336
Turners	365	20	345
Framers	497	166	331
Examiners and Packers	547	130	417
General Helpers	1,344	358	986
Non-Manufacturing Employees	475	205	270
Crochet Beaders	50	48	2
Trimmers	135	6	129
Lacers	35	-	35
Hand Sewers	111	91	20
Pasters	55	13	42
Stone Setters	6	6	-
Sample Makers	20	8	12
Bag Assemblers	79	-	79
Creasers	16	-	16
Snappers	33	-	33
Embossers	8	-	8
	7,656	2,092	5,564

CODE AUTHORITY LADIES' HANDBAG INDUSTRY

STATISTICS - JULY 31, 1934.

EXHIBIT C.

NUMBER OF COMPLICANCES RECEIVED

SCHEDULE 5.

(Includes Compliances Received up to August 16, 1934).

	Total.	Manufacturers.	Jobbers.	Manufacturers and Jobbers.	Importers.
New York City	170	134	15	18	3
Upper New York	3	3	-	-	-
Pennsylvania	9	8	-	1	-
Massachusetts	16	12	2	2	-
Illinois	13	13	-	-	-
New Jersey	12	12	-	-	-
California	9	9	-	-	-
Wisconsin	4	3	-	1	-
Florida	1	1	-	-	-
Maryland	2	2			
Virginia	2	2	-	-	-
Connecticut	3	2	-	1	-
Missouri	3	3	-	-	-
Washington	1	1	-	-	-
Rhode Island	1	1	-	-	-
Ohio	1	1	-	-	-
Texas	1	-	-	1	-
Maine	1	1	-	-	-
Total	252	208	17	24	3

LOCATION OF FACTORIES

SCHEDULE 5a.

Total.	Own State.	Other States.
181	162	19
3	3	-
10	10	-
16	16	-
14	14	-
15	14	1
9	9	-
5	5	-
3	2	1
2	2	-
2	2	-
3	3	-
3	3	-
1	1	-
1	1	-
1	1	-
1	1	-
1	1	-
271	250	21

NUMBER OF LABEL SALES TRANSACTIONS

SCHEDULE 6.

	June 12, 1934 to July 31, 1934.	Month of July, 1934.
Manufacturers	370	242
Retailers	201	192
Total	571	434

CODE AUTHORITY LADIES' HANDBAG INDUSTRY

STATISTICS COMPILED FROM PAYROLL REPORTS FOR THE MONTH OF SEPTEMBER, 1934.

EXHIBIT E.

	Submitted by Manufacturers.					Submitted by Contractors.				
	Number of Reports Received.	Weeks Ended. September 8.	September 15.	September 22.	September 29.	Number of Reports Received.	Weeks Ended. September 8.	September 15.	September 22.	September 29.
Number of Persons Employed:										
Metropolitan New York	66	1,647	1,685	1,592	570	7	109	107	104	77
Other Cities	65	3,723	3,813	4,030	3,942	5	90	100	102	110
Total	131	5,370	5,498	5,622	4,512	12	199	207	206	187
Number of Hours Worked:	Total.					Total.				
Metropolitan New York	157,908	51,003	48,525	39,431	18,949	11,211	3,058	2,990	2,880	2,283
Other Cities	566,943	133,486	132,475	150,230	150,752	14,505	3,278	3,442	3,782	4,003
Total	724,851	184,489	181,000	189,661	169,701	25,716	6,336	6,432	6,662	6,286
Wages Paid:	Total.					Total.				
Metropolitan New York	99,255.00	31,903.00	31,019.00	26,045.00	10,288.00	4,957.00	1,273.00	1,435.00	1,331.00	918.00
Other Cities	238,277.00	55,980.00	55,853.00	63,400.00	63,044.00	5,668.00	1,437.00	1,311.00	1,430.00	1,490.00
Total	337,532.00	87,883.00	86,872.00	89,445.00	73,332.00	10,625.00	2,710.00	2,746.00	2,761.00	2,408.00

CLASSIFICATION OF PERSONS EMPLOYED.

Occupation.	Total.	Metropolitan New York.	Other Cities.
Cutters	424	103	321
Clickers	78	10	68
Parers	68	16	52
Pocketbook Makers	266	135	131
Helpers	664	217	447
Cementers	348	39	309
Operators	1,342	353	989
Turners	349	18	331
Framers	371	118	253
Examiners and Packers	463	121	342
General Helpers	863	307	556
Non-Manufacturing Employees	359	167	192
Crooket Beaders	41	37	4
Trimmers	114	8	106
Lacers	22	-	22
Hand Sewers	84	50	34
Pasters	37	5	32
Stone Setters	3	3	-
Sample Makers	16	10	6
Pattern Makers	8	3	5
Patcher	1	1	-
Frame Coverers	22	10	12
Mounters	8	8	-
Pinners	3	3	-
Polishers	3	3	-
Assemblers	119	119	-
Total	6,076	1,864	4,212

CODE AUTHORITY LADIES' HANDBAG INDUSTRY

STATISTICS COMPILED FROM PAYROLL REPORTS FOR THE MONTH OF AUGUST, 1934.

EXHIBIT E.

	Submitted by Manufacturers.						Submitted by Contractors.					
	Number of Reports Received.	Weeks Ended. August 4.	August 11.	August 18.	August 25.	August 31.	Number of Reports Received.	Weeks Ended. August 4.	August 11.	August 18.	August 25.	August 31.
Number of Persons Employed:												
Metropolitan New York	59	1,247	1,326	1,432	1,516	1,448	11	120	127	125	127	91
Other Cities	60	2,806	3,391	3,479	3,411	3,368	2	26	33	35	14	16
Total	119	4,053	4,717	4,911	4,927	4,816	13	146	160	160	141	107
Number of Hours Worked:	Total.						Total.					
Metropolitan New York	236,924	40,359	44,755	50,180	51,786	49,844	19,425	3,697	3,774	4,251	4,488	3,215
Other Cities	571,702	91,879	112,659	121,598	122,847	122,719	4,345	769	1,180	1,293	531	572
Total	808,626	132,238	157,414	171,778	174,633	172,563	23,770	4,466	4,954	5,544	5,019	3,787
Wages Paid:	Total.						Total.					
Metropolitan New York	152,229	26,373	28,988	32,526	32,212	32,130	9,153	1,696	1,779	1,960	2,109	1,609
Other Cities	242,934	38,855	47,871	51,150	52,529	52,529	1,928	359	535	556	225	253
Total	395,163	65,228	76,859	83,676	84,741	84,659	11,081	2,055	2,314	2,516	2,334	1,862

CLASSIFICATION OF PERSONS EMPLOYED.

Occupation.	Total.	Metropolitan New York.	Other Cities.
Cutters	363	114	249
Clickers	60	4	56
Parers	62	21	41
Pocketbook Makers	251	132	119
Helpers	611	210	401
Cementers	317	43	274
Operators	1,146	343	803
Turners	321	21	300
Framers	438	198	240
Examiners and Packers	386	125	261
General Helpers	729	283	446
Non-Manufacturing Employees	384	150	234
Crochet Beaders	34	34	
Trimmers	104	11	93
Lacers	26	-	26
Hand Sewers	90	63	27
Pasters	71	27	44
Stone Setters	3	3	
Sample Makers	34	20	14
Total	5,430	1,802	3,628

CODE AUTHORITY LADIES' HANDBAG INDUSTRY

STATISTICS COMPILED FROM PAYROLL REPORTS RECEIVED FROM MEMBERS OF THE HANDBAG INDUSTRY

EXHIBIT E.

	Submitted by Manufacturers.				Submitted by Contractors.			
	Number of Reports Received.	Average Number of Employees.	Number of Hours Worked.	Wages Paid.	Number of Reports Received.	Average Number of Employees.	Number of Hours Worked.	Wages Paid.
MONTH OF JULY, 1934.								
Metropolitan New York	111	1,466	167,330	106,807.00	1	9	981	550.00
Other Cities	65	2,717	319,044	138,749.00	2	37	5,013	2,050.00
Total	176	4,183	486,374	245,556.00	3	46	5,994	2,600.00
MONTH OF AUGUST, 1934.								
Metropolitan New York	109	2,391	398,810	261,341.00	14	138	21,408	10,065.00
Other Cities	78	4,045	702,147	295,226.00	1	25	4,345	1,928.00
Total	187	6,436	1,101,957	556,567.00	15	163	25,753	11,993.00
MONTH OF SEPTEMBER, 1934.								
Metropolitan New York	115	2,179	246,101	152,751.00	12	106	12,179	5,434.00
Other Cities	79	4,939	723,918	304,163.00	5	100	14,505	5,670.00
Total	194	7,118	970,019	456,914.00	17	208	26,684	11,104.00
MONTH OF OCTOBER, 1934.								
Metropolitan New York	106	1,678	225,632	148,595.00	13	125	16,608	7,217.00
Other Cities	84	6,152	916,671	376,998.00	3	38	5,452	2,362.00
Total	190	7,830	1,142,303	525,593.00	16	163	22,060	9,679.00
MONTH OF NOVEMBER, 1934.								
Metropolitan New York	103	1,954	341,751	233,085.00	12	93	14,405	7,451.00
Other Cities	65	6,407	1,145,081	476,452.00	6	219	40,748	16,572.00
Total	168	8,361	1,486,832	709,537.00	18	312	55,153	24,023.00
MONTH OF DECEMBER, 1934.								
Metropolitan New York	96	1,600	203,616	133,727.00	11	72	9,168	4,377.00
Other Cities	85	4,868	578,605	265,393.00	4	172	22,365	10,342.00
Total	181	6,468	782,221	399,120.00	15	244	31,533	14,719.00
MONTH OF JANUARY, 1935.								
Metropolitan New York	67	902	139,555	93,274.00	21	117	17,172	8,371.00
Other Cities	79	4,569	695,947	310,239.00	6	99	17,119	6,547.00
Total	146	5,471	835,502	403,513.00	27	216	34,291	14,918.00
Grand Total	-	-	6,805,208	3,247,100.00	-	-	201,466	89,236.00

CODE AUTHORITY LADIES' HANDBAG INDUSTRY

STATISTICS - JUNE 30, 1934.

EXHIBIT C.

SUMMARY OF STATISTICS COMPILED FROM QUESTIONNAIRES SUBMITTED BY MEMBERS OF THE HANDBAG INDUSTRY WITH CERTIFICATES OF COMPLIANCE.

(INCLUDES STATISTICS UP TO JULY 30, 1934)

SCHEDULE 7.

	Total.	New York City.	North Eastern Area.	South-Eastern Area.	Mid-Western Area.	Western Area.
Number of Compliances Received From:						
Manufacturers Only	170	110	32	3	17	8
Manufacturing Jobbers Only	14	13	1	-	-	-
Manufacturers and Manufacturing Jobbers	23	18	4	-	1	-
Importers	3	3	-	-	-	-
Total	210	144	37	3	18	8
Number of Factories by Location of Main Office	228	154	41	5	20	8
Number of Factories by Location of Factory:						
Factories-Main Office in same State	208	136	40	4	20	8
Factories-Main Office in Other States	20	2	18	-	-	-
Total Manufacturers Factories	228	138	58	4	20	8
Contractors Factories	99	71	27	-	1	-
Total Manufacturers and Contractors Factories	327	209	85	4	21	8
Number of Manufacturers According to Price Range:						
A - Under $4.50 per dozen - Wholesale	29	17	10	-	2	-
B - $4.51 to $8.00 per dozen - Wholesale	96	55	25	3	9	4
C - $8.01 to $15.75 per dozen - Wholesale	92	54	19	3	10	6
D - $15.76 to $30.00 per dozen - Wholesale	112	76	15	2	13	6
E - $30.01 to $37.50 per dozen - Wholesale	94	72	9	2	7	4
F - Over $37.50 per dozen - Wholesale	67	53	6	1	5	2
Units Produced:						
Spring and Summer 1933	12,396,240	8,136,452	3,482,466	148,768	608,020	20,534
Fall and Winter 1933	13,552,030	9,839,791	2,933,646	206,932	544,679	26,982
Total - 1933	25,948,270	17,976,243	6,416,112	355,700	1,152,699	47,516
Spring 1934	13,414,369	8,862,637	3,917,405	195,563	398,307	40,457
Estimated Total 1934	33,182,842	24,806,894	6,913,988	437,000	959,540	65,420

	No. of Factories.	No. of Employees.	No. of Factories.	No. of Employees.	No. of Factories.	No. of Employees.	No. of Factories.	No. of Employees.	No. of Factories.	No. of Employees.	No. of Factories.	No. of Employees.
Number of Employees by Location of Main Office	222	9,092	150	5,108	40	2,572	5	189	19	1,108	6	115
Number of Employees by Location of Factory:												
Factories-Main Office in Same State	202	6,522	132	2,633	39	2,497	4	169	19	1,108	8	115
Factories-Main Office in Other States	20	2,570	2	95	18	2,475	-	-	-	-	-	-
Total	222	9,092	134	2,728	57	4,972	4	169	19	1,108	8	115
Average Number of Employees, per Factory		41		21		87		42		58		14

E X H I B I T G

Brief prepared by A. Mittenthal, former
Code Director

EXHIBIT "G"

Prepared by A. MITTENTHAL
former CODE DIRECTOR
September 1935

The principal problems confronting the ladies' handbag industry before the code, were competition based on unequal labor standards, and competition based upon unfair trade practices. The labor problems were the result of the migration of the industry from the metropolitan area of New York to cities located in Massachusetts, Connecticut, New Jersey and Pennsylvania. This migration began in the year 1929, and continued increasingly up to and during the period of the NRA.

Up until the year 1929, more than 85% of the industry was located within the metropolitan area of New York. The industry located in New York has been in contractual relations with the Union for about twenty years. In the year 1928, the first manufacturer moved away from the unionized center of metropolitan New York, and began manufacturing in Allentown, Pennsylvania, under non-union conditions. At this time, the Union minimum wages fixed by agreement with the manufacturers in New York were $45.00 a week for skilled workers. Admission of workers to the skilled branches was controlled by the Union, so that in some of these branches of the industry workers earned on a piece work basis from $100.00 to $200.00 in a 44 hour week. Those manufacturers who moved from New York were unable to obtain skilled workers in their respective localities. They were compelled to employ workers without any previous experience in the industry. Machinery heretofore little used in the industry, was invented to take the place of many of the operations performed by skilled workers in the New York factories. Workers in these new localities were paid $6.00 or $7.00 a week, and they worked from 48 to 54 hours a week.

With this tremendous difference in labor costs, those manufacturing outside of New York, were able to give greater values or sell for less, with the result that the manufacturers operating in New York under Union conditions were forced to meet this competition by sacrificing their profits. The success of the few who moved away, offered the incentive for others to follow. In the year 1933, only about 50% of the industry still remained in the metropolitan area of New York. Those who moved or opened new factories located in the eastern states, a few in the Chicago area, and a few small units were scattered throughout the country, chiefly on the Pacific Coast. The Union was unable to establish Union conditions in these factories outside of New York. The facotries remaining in New York, were chiefly those making the high grade handbags which required the most skillful workers.

At the time the code was being drafted, the industry was about equally divided between those manufacturers having contractual relations with the Union located in New York, and those without Union conditions, all of whom were located outside of New York. Factories in New York were paying first class workers (by Union agreement) $35.75 a week, and second class workers $32.00 a week; general help about $18.00 a week for a 44 hour week. Factories outside of New York were paying their best workers about $20.00 to $22.00 a week, and general help from $6.00 to $8.00 a week, for a 48 to 54 hour week. Bitter struggle resulted because of the efforts of the Unionized factories to establish in the code a classification of the workers according to their

skill, and the operations performed, at wage scales approximating those that were being paid in Union factories. Those manufacturers not Unionized, fought to prevent the classification of the workers and the establishing of wage scales in the code above the minimum of $14.00, claiming that their workers were not skilled, that the system of work employed in their factories, known as the "section system" (not permitted in a Union factory) did not require any skill; that new machinery and new methods revolutionized the manufacturing of ladies' handbags, particularly in factories making low price bags of cloth, (imitation leather) to retail at one dollar or less. At this time, 80% of the manufacturers making these cheap bags were located outside of metropolitan New York.

Trade associations were formed by the opposing interests, and legal advice was employed by each faction to prevent the unfavorable action by the other.

The final approval of the code was not the result of a compromise between the factions on the matters at issue, but because the Divisional Administrator had ruled against the inclusion in the code of any classification of the workers, or any wage scales above the minimum. Later this was modified to allow one additional wage scale above the minimum for semi-skilled workers. However, in the order approving the code, this provision was stayed, until the term "semi-skilled" could be defined by the industry. The conflict between the factions continued after the approval of the code, when attempts were made to define the term "semi-skilled." A number of hearings were held in New York and in Washington, and attempts made to compromise the matter. The Union was active in trying to have the order staying Sections 2 and 6 of Article IV vacated, (these sections related to the establishment of the rate above the minimum for semi-skilled workers, and the provision for the classification of workers more skilled). The outside manufacturers, thru the Code Authority, voted to have these two sections deleted from the code.

In September 1934, the Union, unable to effect a new agreement with those manufacturers still remaining in the metropolitan area of New York, called a strike. The strike lasted about five weeks. In the interval, more manufacturers moved away from New York to outside locations. About 80% of the industry was then located outside of New York. Some of these manufacturers who moved away were those who had persistently fought the outside manufacturers in an effort to equalize labor costs. As soon as they moved, they fought just as hard against the New York Manufacturers in an effort to gain every advantage in labor costs. The final settlement of the matter had not been reached at the time all codes were voided.

The President's blanket agreement issued prior to the approval of our code, called for a minimum wage of $12.00 a week, and 40 hours a week. About 75% of the outside manufacturers adopted the 40 hour week at once. The Union agreement made the 40 hour week automatic in factories in New York. About 60% of the industry outside of New York raised the minimum wages to $12.00. Union factories were not affected. They did not employ any workers lower than $14.00 a week. At the time the code for the industry was adopted, the wage scales in the industry resembled somewhat a toboggan slide, going from $35.75 a week (the minimum demanded by the Union for skilled workers) down to $6.00 a week paid in some outside factories. The code made a minimum of $14.00 a week mandatory. About 80% of the manufacturers complied immediately. The 20% who did not comply, could be classified into three groups;

those who sought temporary advantages, expecting it would take time before they could be investigated. These manufacturers paid restitution, and complied fully thereafter.

Another class, resorted to falsification of records to hide non-compliance. They too eventually paid restitution, but had to be policed closely. The third class, were those who used the most ingenious methods of deception, resorting to coercion and intimidation of their workers, refusing to keep any records, or destroying records, and who employed lawyers to defend them, and who we finally had to bring before the Compliance Board in Washington. Fortunately, this was the smallest class, not more than 2% of the industry. There are some interesting records of these cases in the department in Washington.

A group of manufacturers located in eastern Massachusetts, manufacturing a particular type of handbag, employed children from ten to sixteen years old, to weave strips of leather by hand. This work was done in the homes. The prices paid for the work were so low, these children were compelled to work frequently until midnight. Under the code, child labor in this branch of the industry was stopped, and the work was taken out of the homes, and brought into the factories.

In the beaded branch of the bag industry, most of the beading is done in the homes. It was found impossible to transfer this work into the factories on account of the scattered localities in which the homework is done. However, control of these workers was effected, with the result that the prices paid these homeworkers were raised from about 7¢ an hour to about 25¢ an hour.

In the year 1929, the sales volume for the industry amounted to about 70 million dollars. Using the 1929 figures as a basis, the sales volume for the year 1930 decreased about 30%. In 1931 - 40%, in 1932 - 60%, in 1933 - 55%, and 1934 about 50%. This decrease in sales volume created a very serious situation to manufacturers who had an overhead expense that could not be readjusted quickly. A few manufacturers, because of the necessity for their maintaining a large sales volume, entered into agreements with some large retailers to give them rebates on their purchases, in consideration for which such retailers promised these manufacturers that they would make them preferred resources. The system of rebating grew rapidly in the industry, starting at 2%, and increasing to 5%. Small manufacturers who were unable or unwilling to offer rebates, found it difficult to sell to many of these large distributors.

The average ladies' handbag contains about twenty different materials, and requires about thirty main operations to complete. A general lack of the knowledge of computing costs by the manufacturers in the industry, has resulted in ruinous competition. The standards of value are set so high by these manufacturers, being ignorant of their costs, that the most efficient manufacturers find it impossible to compete except thru the sacrifice of their profits. Strangely, it is a few of the largest manufacturers in the industry who are responsible for this ruinous competition. Their practices having resulted in financial readjustments of their businesses at various times. Some manufacturers engaged in unfair trade practices, such as selling on consignment, or on a guaranteed sale, paying for retailers' advertising, giving rebates, and granting excessive terms of sale. Because of these unfair trade practices, small manufacturers, and those who tried to follow sane

business principles, were restrained from selling some of the largest distributors of ladies' handbags in the country.

Previous to the code, the discount allowed purchasers for the prompt payment of their invoices was not observed to any great extent, payments being made long after the due date with the full amount of discount deducted. Few, if any manufacturers, were willing to return checks for this reason, fearing to incur the displeasure of their customers. As a result, not more than 40% of all accounts were paid promptly on the due date. When the code prohibited the granting of discounts in excess of 3/10 eom, the manufacturers' records show that fully 80% of their customers paid promptly on the due date, in order that they might earn the cash discount.

The trade practice rules under the code benefited the industry greatly. They furnished the manufacturers a reason for refusing the demands of the retailers to engage in unfair trade practices. The most important and beneficial trade practice rule was the one which fixed the terms of sale for the industry. The reason for the industry failing to show a profit for the first four years of the depression, was due perhaps more than anything else to the granting of discount and terms wholly unwarranted. The industry earned not more than 1% in discounts and granted 8%. More than 50% of the manufacturer's cost represents a cash outlay, yet the industry was forced to grant terms of 30 to 45 days from the date of shipment.

In a number of cases, manufacturers refused to avail themselves of the benefits afforded them by these trade practice rules in the code, and continued some of these unfair trade practices, despite the efforts of the Directors of the code to prevent them from doing so. The most effective instrument for compliance under the code was the label. The cooperation given by the retailers in refusing to accept any product of the industry without the label, had the effect of restraining the manufacturers from violating the code.

In the year 1934, the first year of the operation of the code, the handbag manufacturers reported profits, most of the manufacturers reporting their first profits since 1929, others reported more profits than any year since 1929. The supply houses selling to the handbag manufacturers reported a feeling of greater security in selling to the industry. The manufacturers were meeting their obligations more promptly, and there were fewer failures in the industry than there had been in five years, past. The retailers reported an increase in the sales volume of handbags, due in great part to the incentive given to create more and attractive styles of handbags, because the manufacturers were operating on a profitable basis.

There were not any great difficulties encountered in organizing for code administration, other than the settlement between factions in the industry as to the number of representatives each was entitled to have on the Code Authority. All other matters were left to the Directors of the Code Authority to take care of, which were approved by the industry. The matter of representation on the Code Authority was adjusted when a number of important manufacturers moved their factories away from New York and joined the ranks of outside manufacturers. Opposing trade associations were then merged and there was little or no further opposition. The industry had no difficulty in financing code administration. Labels were sold at $2.50 a thousand alike to all manufacturers. The amount paid by a manufacturer for labels

each month was credited against his assessment based on 1/3 of 1% of the volume of sales each month. Adjustments were made with the manufacturers at the end of each month. The system was equitable to all manufacturers, and operated perfectly. Assessments were collected each month and compliance on assessments was had almost one hundred per cent. At the end of the first fiscal year, the Code Authority had a surplus of $41,000 of which amount $30,000 was returned to the members on a basis of the amount each contributed. For the following year, the rate was reduced to ¼ of 1%.

The work of administering the code was divided between two Directors and an Executive Secretary. One Director had charge of the labor provisions, the other Director of trade practices and planning and research; the Executive Secretary supervised the office staff, the statistics and label distribution. Each Director was familiar with the work of the other, and the work was planned so that all of the work was thoroughly coordinated.

The greatest difficulty encountered in securing compliance was due to the overlapping of our code with industries who made handbags in addition to other products, which came under other codes. They competed strongly with the manufacturers who made handbags exclusively. An important ruling on this matter was made by Col. Brady, which definitely placed all handbags made of any kind or nature, under our code. However, we had difficulty in making other Code Authorities accept this ruling. The matter was adjusted satisfactorily just at the time the codes were declared invalid. We also found difficulty in enforcement, because a branch of the industry making the very cheapest grade of handbags had been allowed to become a division of the luggage code. This branch of the industry seriously interfered with the manufacturers making low price goods under our code, because labor conditions were more favorable under the luggage code, they preferred to remain under this code. We made application to have this branch separated from the luggage code, and put under our code, so that the industry would not be divided into two codes according to price goods. The transfer of this group from the luggage code to the ladies' handbag code, had just been accomplished when the codes were declared invalid.

Under labor compliance, our chief difficulties were encountered with only a few manufacturers who tried to chisel on the hours and wages. Some of these violators were ordered to pay restitution to their workers, mounting to many thousands of dollars. In some of the most flagrant cases, monies due the workers for restitution were ready to be paid when the codes were voided.

We can definitely state that 75% of the industry immediately accepted the code as being the law of the industry, and that they complied with it fully. The remaining 25% soon learned that chiseling on the code, to gain a monetary advantage, did not pay. We are certain that in another six months under the code, the industry would have had very nearly 100% compliance with the code.

The strong features of the NRA administration under codes was the general respect the manufacturers had for any law or ruling that had the backing of the government. The manufacturers accepted the labor provisions and trade practice rules as benefits in that they were protected from their competitors who were restrained from indulging in harmful practices. At first, there was uncertainty as to the ability of the Code Directors to control the

disturbing elements in the industry. After a short time under the code, the manufacturers realized that this was being accomplished, and they readily fell in line. It was admitted by the manufacturers that the code had resulted in immeasurable good to them. As proof of their desire to continue the benefits accrued to them under the code, they entered into a voluntary agreement to perpetuate these benefits. This voluntary agreement is now in effect in the industry.

The weak features of the NRA administration were the delays in getting action from the administration on important matters confronting the industry. After a hearing in Washington, it sometimes took months before an amendment would be passed by all of the boards and approved by the administration. We realize that a great deal of this delay might have been due to the doubt felt about the constitutionality of the law, but we do believe that by transferring the industry from one division to another, and from one deputy to another, caused considerable delay. It took time for a new administrator to become thoroughly acquainted with the intimate problems of the industry already understood by the former administrator, because he not only knew the important problems of the industry, but also knew the temperament of important members of the industry, and had succeeded in gaining their confidence.

The strongest feature of the NRA administration was the fact that every member of the industry, no matter how large or small, or wherever located in the country, was governed by the code for the industry.

Under a voluntary agreement, there is no compulsion to join, and since the agreement is only enforceable against those who do assent, no voluntary agreement can ever become effective in any industry. It is only a matter of time when those who have not assented to the agreement will chisel to such an extent that will make it impossible for those who have assented to meet their competition. Feeling the loss in sales volume, they want to be free to compete, even if they have to engage in the same practices which eventually destroy their chances of making a profit. Another weakness of the NRA, was the varying conditions in closely related codes. Labor provisions should have been uniform, so that one code would not offer more favorable conditions than another, causing manufacturers to fight to remain under more favorable ones.

The Code Authority consistently refused every request for exceptions to or exemptions from the labor provisions or the trade practice rules of the code. In every case, the investigations proved that the requests made by manufacturers were not intended to equalize conditions for them, but to obtain some advantages over other manufacturers. Geographical locations are no disadvantage in the handbag industry, since they are offset by other advantages, such as the difference in labor costs. Experienced workers in New York are paid two and one half times as much as are workers recruited locally in other cities, and since machinery and methods are used extensively to do the operations formerly performed by skilled workers, no efficiently operated factory is handicapped by being located in any other part of the country. The advantage of catering more intensely to local markets offsets any added costs in freight and cartage of raw materials from eastern factories.

In refusing any exceptions to or exemptions from the code, it was possible to check compliance more easily. It is much more difficult to detect violators of the code when exceptions are granted for one reason or another.

At the beginning of the code, about 40% of the manufacturers thought they were entitled to exceptions; later, very few made requests after being assured that no one in the industry could obtain any exceptions that might give them any advantages. A most persistent member of the industry with a factory located in the west, submitted legal arguments and briefs for an exception to the wage provisions, which the Code Authority was able to prove to the administration, would have put this firm in an advantageous position over all other members of the industry.

In general, it was found that every manufacturer located his factory in a particular section of the country because he felt it was an advantage for him to do so, and that he was fully compensated for any disadvantages for which he claimed exceptions or exemptions.

E X H I B I T H

Brief on Discounts

Prior to the year 1929, the manufacturers of ladies' handbags had, for more than fifty years, sold their goods on terms of 2/10/60 or 3/10/eom.

From 1930 up to March 23, 1934, the time the code for the industry became effective, the discount in the industry varied from 3% to 8%. The code fixed the maximum terms for the industry at not in excess of 3/10/eom. These terms were accepted by all retailers throughout the country. Since May 27, 1935, when the codes became inoperative, the terms in the industry have remained at 3/10/eom. A few large retailers and chain stores have demanded that the manufacturers fix the discount at 8/10/eom.

In the year 1929, the sales volume for the industry amounted to about 70 million dollars. Using the 1929 figures as a basis, the sales volume for the year 1930 decreased approximately 30%, 40% in 1931, 60% in 1932, 55% in 1933, and about 50% in 1934. This slump in sales volume presented a very serious situation to manufacturers who had an overhead expense based on large sales volume. It was impossible for them to readjust the overhead to the rapid decrease in their sales. A few manufacturers, because of the necessity for their maintaining sales volume, entered into an agreement with some large retailers to give them a rebate on all their purchases, in consideration for which these manufacturers were promised by such retailers that they would be made preferred sources. The few manufacturers who agreed to this arrangement, expected thru this means to take the business away from competitors who were not similarly favored by such retailers. The proposition of rebating having been accepted by a few manufacturers, the retailers continued to offer the proposition to other manufacturers, many of whom having already found themselves unable to obtain any business from these retailers, did not hesitate to accept their proposition. Those who accepted late, were required to pay a larger rebate. It was not long before the manufacturers were competing on the amount of rebate they would give. This rebate finally reached 5%.

By this time, the retailers were getting rebates from so many manufacturers it was no longer a secret, nor was it termed a rebate. It was added to the regular cash discount of 3%, and the discount became 8%, which eventually most of the manufacturers were coerced into giving, if they wanted to do business with these retailers, the result being that certain large retailers and chain stores were receiving a discount of 8%, while small retailers continued to receive from the same manufacturers only the 3% cash discount.

Within the past ten years, retailers have standardized retail prices of handbags so as to avoid stocking too large an inventory at too many different prices. To conform with this policy, the retailers throughout the country fixed the retail prices of handbags at 50¢, $1.00, $1.95, $2.95, $4.95, $7.50 and upwards. These prices became so standard that any in-between price is regarded as an unusual price, or sale price, used mainly to denote a mark down from the regular or standard prices. When the retail prices were standardized by the retailers, it eventually followed that the wholesale prices became standardized, by the retailer demanding that the manufacturers price

their lines to correspond with the standard retail prices, that would give the retailer a percentage of profit sufficient to cover the retailer's overhead and a profit on his sales. The retailers demanded that the manufacturers price their lines as follows:

$3.75	a	dozen	to	retail	at	50¢
7.50	"	"	"	"	"	$1.00
15.00	"	"	"	"	"	1.95
21.35	"	"	"	"	"	2.95
35.65	"	"	"	"	"	4.95
54.00	"	"	"	"	"	7.50
72.00	"	"	"	"	"	10.00

It followed, however, that all retailers are not willing to pay the same wholesale prices to the manufacturers, and price concessions are continually sought by retailers, so as to allow them a larger percentage of profit.

With the wholesale price lines standardized, the manufacturers are forced to compete on a basis of style, quality and value. Competition amongst the manufacturers is very keen. Each manufacturer striving to create new styles and by giving more value, he hopes to attract business away from his competitors. Style is an important factor, and each year the manufacturers' representatives are sent to Europe to search the markets for new ideas. A style bag rarely remains in a manufacturer's line more than eight to ten weeks. Then it must be replaced by a new style because of change in color, material, or because the style is copied by a maker of cheap handbags. Very frequently, a style produced in an expensive bag is copied into a cheap bag soon after it is shown in the shop of a retailer.

There cannot be any price fixing by the manufacturers of handbags, since there are no standards of value, materials or workmanship that are required in each price line, and since no two manufactuers make the identical bags. The margin between the manufacturer's costs and his selling price is so narrow that a great many of the oldest and most substantial firms in the business have been unable to operate and have been forced into involuntary retirement. With twice the number of manufacturers competing for one-half the normal volume of business, competition has placed the handbag business at the mercy of the retailers. Because of these conditions, the retailer is now demanding concessions in price, extra dating, higher discounts, and added services.

The 3% discount allowe by the manufacturers is a cash discount, and is offered as an inducement for the prompt payment of the invoice on the due date, which in this case is on the tenth day of the month following the date of shipment. In anticipation of receiving payment of the major portion of their accounts receivable on the tenth day of each month, it is the custom for the manufacturers in the industry to arrange terms with their sources of supplies that will enable them to pay their current indebtedness of the fifteenth day of each month. This arrangement allows the manufacturers five days for the receipt of their funds. Since the cash discount the manufacturer is allowed depends upon the payment of his bills promptly on the fifteenth of the month,

the manufacturers, particularly the small manufacturers with limited capital, and with little or with no borrowing capacity, are willing to allow the 3% discount in order to collect their outstanding accounts promptly, and enable them to maintain their own credit and to earn the cash discount allowed them for payment on the due date.

The provision of the code prohibiting the giving of terms in excess of 3/10 eom was also intended to prevent large manufacturers who were financially able, from granting end of the month dating on all shipments made on the after the twenty-fifth of the previous month. By this means of granting longer dating, these large manufacturers had an advantage that could be used against the small manufacturer with limited capital, who would be unable to operate if he had to grant the extra 30 days on shipments made after the twenty-fifth of the month. It would also become the practice for retailer to have their shipments made whenever possible, on or after the twenty-fifth of the month, so as to take advantage of the extra 30 days it allowed them.

Some manufacturers in the industry are financially able to return every remittance received after the due date, if the full amount of cash discount is deducted. Others allow the deduction of a smaller discount than 3% based on the number of days payment is made past the due date. Some manufacturers are in such urgent need of funds they cannot afford to return or hold the check pending an adjustment of the discount erroneously deducted. They deposit the check and try to collect the unearned portion of the discount.

During the code, there were many cases where retailers demanded of a manufacturer that he secretly allow first of the month dating and even longer dating, and when granted, it was used by the retailer to earn extra anticipation. Not more than 20 of the manufacturers in the industry are financially able to grant terms beyond the tenth of the month, without seriously affecting their ability to stay in business. Prior to the code, the manufacturers were lax in permitting delinquents to deduct the cash discount after the due date of the invoice. Not more than 40% of accounts receivable were paid promptly on the due date, (the tenth of the month.) The code rule required prompt payments from the retailer to entitle him to deduct the cash discount. The manufacturers reported at that time that as a results of this code rule, more than 80% of their accounts receivable were paid promptly on the tenth day of each month.

In calculating costs, the manufacturer does not include the 3% cash discount in the cost of the article. The cash discount is figured as a deduction from income. 8% discount could not be considered a legitimate cash discount. The extra 5% demanded by the retailer is definitely a trade discount and it must be included in the cost. In demanding an extra 5% discount, the retailer is really chiselling on the price. If this is what is desired, he might try to get price reduction from individual manufacturers, since prices are not fixed in the industry, and each manufacturer is at liberty to make any price concessions to any buyer for any reason he thinks warrants such concessions. It might require the retailer to bargain individually with each manufacturer for prices, and for that reason he prefers to force

the granting of 8% discount on the entire industry. It is certain that if the large manufacturers agree to allow the 8% discount, the small manufacturers will be restrained from doing business with such retailers unless they also agree to grant them the 8% discount.

The manufacturers earn on the average, discounts of only 1 on their sales volume. When they allow 3% for prompt payment within an average 30 days, it is allowing the retailer at the rate of 36% a year. In demanding a cash discount of 8% from the industry, the retailer is asking a rate of 96% a year for prompt payment. The discount of 3% granted by the industry is a cash discount, and a cash discount is a deduction of the selling price, and it becomes a trade discount, and because it is a trade discount, it is an element of price. It has never been the custom in the ladies' handbag industry thru its entire existence to ever allow trade discounts.

Some retailers in demanding this trade discount of 5%, give as their reason that the extra 5% discount is required as a "CUSHION" or a "HIDDEN PROFIT", to insure them a profit, when and if, they fail to earn a net profit on a normal mark up, which they add to the wholesale cost of the handbag when the price to the consumer is fixed. In other words, they demand that the manufacturer subsidize them for selling handbags. The manufacturers cannot understand why they should be made to subsidize the retailer just because they have used all of their ingenuity and probably risked all of their capital to construct the kind of handbags that the retailer must have to sell the consumer.

The records show that the manufacturers of handbags rarely make a profit of 5% on their sales. When the retailer demands the extra 5% discount, the manufacturer is compelled to seek some other means of providing for this additional 5% since to give it out of his profits would wipe out his entire profit. If he includes the 5 into his costs, he will be discriminating against the small and medium sized retailers, whom he sells at the 3% discount, who will be paying him an extra profit of 5% that he has added to his costs, but has given back to the large retailer.

Before the code, the manufacturers too frequently granted the extra 5% discount to the retailer, at the expense of the salesman, who was asked to give up part of his commission, and at the expense of his workers, who were required to work for less wages, or accept a lower piece work rate under threat of having the factory closed down, because of inability to procure orders at competitive prices.

Certain retail groups are members of an association whose members have a combined purchasing power of handbags equal to about one-third of the total output of the handbag industry. The members of this association are refusing to buy from those manufacturers who will not grant them the 8% discount.

If the industry is unable to maintain a uniform cash discount for all members of the industry, the trade practice rules will become ineffective and unenforceable since no manufactuer who has assented to this agreement could long withstand the refusal of large retailers to buy from him because he refuses to sell on terms in excess of

3/10/eom, while other manufacturers who have not assented to the agreement are doing so.

If the industry, thru its voluntary agreement, cannot establish and enforce maximum terms of sale for all members of the industry, competition will be based again on the lowest labor costs, resulting in the complete break down of the minimum wages and maximum hours and prohibition against child labor rules established for the industry.

E X H I B I T "J"

Letter outlining policy respecting Classification

EXHIBIT J.

November 15, 1933

Mr. Maurice S. Mosesson
Associated Handbag Industries of America
303 Fifth Avenue
New York, New York

Dear Mr. Mosesson:

I promised today to secure for the members of your industry an interpretation of the policy of this Administration as regards classified wage rates, and in particular an interpretation of the phrase "basing rates".

The Administration will not in the future approve Codes of Fair Competition containing union agreements or classified wage scales. It will, however, approve codes containing two or three basing rates. Such basing rates are to be in no way confused with the so-called "classified" rates. The term "basic rates" may best be explained by an example. Where there exists a clear, well-defined and logical separation of employees in an industry into two or three groups, a basic wage may be set for each group. Thus, in the steel industry, for example, there is a very sharp line of demarcation between skilled and unskilled labor. If you will remember, in our conference last Friday, I suggested that it might be possible to set one minimum wage for manufacturing employees and a another minimum for non-manufacturing employees. The difficulty of such a proposal became at once apparent, however. Someone else, Mr. Waldman I believe, suggested that the line be drawn according to skill or length of time employed. The term "skilled", however, is one very difficult to define and the length of service is by no means an adequate criterion.

So far as I am able to judge, there is no clear basis on which a basic rate above the minimum may be fixed in your industry. There does not exist in this industry any such clear separation of employees into groups as there does, for instance, in the steel industry. Should the Ladies' Handbag Industry desire to set a basic rate above the minimum, it might be done by some such plan as this: The minimum might be defined to apply to the so-called non-manufacturing employees and the two or three types of manufacturing employees who customarily receive the lowest wages paid in the industry. Following that basic rate might be provided for manufacturing employees, except for those employees as are already included in the above group. I think such a plan might be workable.

I hope that I have clearly set forth the policy of the Administration in this matter. I urge you to complete the negotiations on this code as quickly as possible. I should like to set a date for hearing sometime this week - at the very latest, next week.

I appreciate your cooperation in the past and anticipate your continued cooperation in the future.

Very truly yours,
James C. Worthy, Assistant Deputy Administrator.

jcw/g
CC sent to Schlesigner and Waldman
9811

E X H I B I T K

Reports on definition of Semi-Skilled

EXHIBIT K

LADIES HANDBAG INDUSTRY, CODE AUTHORITY

REPORT OF THE COMMITTEE ON DEFINITION OF SEMI-SKILLED

(Article IV, paragraph 2)

The Committee met on Saturday, April 21 from 10 to 2 P. M.

The Committee met on Saturday, April 28th, from 9:30 to 3 P.M.

The Committee met on Monday, April 30th, from 10 A.M. to 4 P.M.

The last two meetings were attended by the Administration member.

The following is the final report of the Committee.

ARTICLE A. The Definition of Semi-Skilled in Cutting.

(1) All cutting operations, excepting paper, wadding and rubber cloth cutting are to be considered semi-skilled. The following members of the Committee are in favor of this definition:

I. Schoenholz
Chas. Wolf
S. Maksik
A. Greenbaum

(2) The following members voted against the above and propose the following:

J. Margolian
R. Burstein
S. Goldsmith

The only employees in the Cutting Department that shall have the rating of semi-skilled shall be employees engaged in the cutting of outsides, with the exceptions of handles, handle linings, pullers, puller linings and gussetts that are cut by clickers. Also any employees engaged in the cutting of silk linings by knife are semi-skilled.

(3) Mr. Lubliner objects to the two foregoing definitions and offers the following:

All employees engaged in cutting shall be considered semi-skilled workers.

ARTICLE B. The Definition of Semi-Skilled in Operating.

(1) All outside operating shall be considered semi-skilled except handles. Linings as the Code provides. The following recommend this definition:

I. Schoenholz
Chas. Wolf
S. Maksik
A. Greenbaum

(2) The only employees engaged in the Operating Department that shall be rated as semi-skilled workers are those who are engaged in sewing welded bottoms and gussetts, pocketbook gussetts, sewing leather and lining together, without a gauge on outsides.

The following propose this definition:

J. Margolian
H. Burstein
S. Goldsmith

(3) Mr. Lubliner objects to the foregoing definitions and offers the following:

All employees engaged in operating shall be considered semi-skilled, except as limited by the Code.

ARTICLE C. Definition of Semi-Skilled in Framing

(1) All framing shall be considered semi-skilled, excepting all purses not attached to frames.

The following members of the Committee are in favor of this definition:

I. Schoenholz
Chas. Wolf
S. Maksik
A. Greenbaum

(2) The only employees in the Framing Department who shall be rated as semi-skilled workers are those who can frame completely an inverted or inner-grip frame or who participate in framing of covered frames, full inlay frames or shell frames.

This does not include the inside pockets of any of the above frames. Also purse framers shall not be rated as semi-skilled workers.

J. Margolin
H. Burstein
S. Goldsmith

(3) Mr. Lubliner objects to the foregoing definitions and offers the following:

All employees engaged in framing shall be considered semi-skilled workers.

ARTICLE D. Definition of Semi-Skilled in Paring.
(also known as Skiving)

(1) All employees engaged in paring (meaning sometimes "skiving") shall be considered semi-skilled.

I. Schoenholz
Chas. Wolf
S. Maksik
A. Greenbaum
P. Lubliner

(2) A semi-skilled parer is one who can pare all types of work and who understands the paring machine so as to be able to make the necessary changes of gauge, knife and emery wheel.

J. Margolin
H. Burstein
S. Goldsmith

ARTICLE. Definition of Semi-Skilled in Pocketbook Making

(1) All employees engaged in pocketbook making are considered semi-skilled, except turning in handles, tucks or loops and all table work on linings.

I. Schoenholz
Chas. Wolf
S. Maksik
A. Greenbaum

(2) A semi-skilled pocketbook maker is one who turns in leather and assembles a bag.

J. Margolin
H. Burstein
S. Goldsmith

(3) Mr. Lubliner objects to the two foregoing definitions and proposes the following:

All employees engaged in pocketbook making shall be considered semi-skilled workers.

ARTICLE F

The Committee agree that no person shall be considered semi-skilled on any of the above operations unless he has been employed on any operation for a period of six months.

(1) The following vote for the six months period.

I. Schoenholz
Chas. Wolf
S. Maksik
A. Greenbaum

(2) The following vote for nine months:

J. Margolin
H. Burstein
S. Goldsmith

(3) Mr. Lubliner votes for three months.

Messrs. Margolin, Goldsmith and Burstein object to Mr. Lubliner's right to vote on this committee.

I. Schoenholz
Chairman of the Committee

CODE AUTHORITY

LADIES' HANDBAG INDUSTRY

303 Fifth Avenue

New York

May 1st, 1934

Dr. Earl Dean Howard
Deputy Administrator
Commerce Bldg.
Washington, D. C.

Dear Dr. Howard:-

I am enclosing a report of the findings of the Committee on the Definition of semi-skilled workers; also a copy of the verbatim report dictated by Dr. Paul Abelson, who was present at this last meeting.

From the report of the vote, it must be evident to you that the same division of interests dominated these meetings - the out-of-town against New York - only in this instance, the deciding vote in favor of the adoption of the report was given by a manufacturer who has a factory in New York as well as out-of-town, but who opposed the efforts of the out-of-town manufacturers to minimize the class of unskilled workers to a point where it would be neglible.

I pointed out to the Committee that very little was required to be added to the exemptions already stated in the Code in order to give them the Definition of a Semi-Skilled Worker. I regret that the Definitions that were adopted, even by the majority, are lengthy and that it will be almost impossible for a Code Director to obtain compliance unless he spends considerable time in each factory to watch the operations of the workers. However, these Definitions are the best that could be obtained under the existing conditions.

Yours very truly,

(Signed) A. Mittenthal
Code Director
Ladies' Handbag Industry

A. Mittenthal/TD

CODE AUTHORITY

LADIES' HANDBAG INDUSTRY

303 FIFTH AVENUE

NEW YORK

May 1st, 1934.

A final meeting of the Committee appointed by the Code Authority of the Ladies' Handbag Industry to define a semi-skilled worker was held on April 30, 1934, at the McAlpin Hotel. The members of the Committee present were:

I. Schoenholz
C. Wolf
S. Maksik
A. Greenbaum
J. Margolin
H. Burstein
S. Goldsmith
Dr. Paul Abelson - Administration Member
Philip Lubliner - Labor Member
A. Mittenthal - Code Director

The Committee by a vote of 4 to 3 adopted the following report defining a semi-skilled worker. Those members voting for the report were:

I. Schoenholz
C. Wolf
S. Maksik
A. Greenbaum

Those members voting against the report were:

J. Margolin
S. Burstein
S. Goldsmith

The minority report is herewith attached; also dissenting opinion of Philip Lubliner, Labor Member on the Committee.

ARTICLE A. The Definition of Semi-Skilled in Cutting.

All cutting operations, excepting the cutting of paper, wadding and rubber cloth are considered semi-skilled.

ARTICLE B. The Definition of Semi-Skilled in Operating.

All outside operating shall be considered semi-skilled excepting handles and linings as provided for in Article 4 - Section 2 of the Code.

CODE AUTHORITY

LADIES' HANDBAG INDUSTRY

303 FIFTH AVENUE

NEW YORK

May 1st, 1934

MINORITY REPORT

ARTICLE A - The Definition of Semi-Skilled in Cutting

The only employees in the Cutting Dept. that shall have the rating semi-skilled shall be employees engaged in the cutting of the outsides, with the exception of handles, handle linings and gussetts that are cut by clickers. Also any employees engaged in the cutting of silk linings by knife are semi-skilled.

ARTICLE B - The Definition of Semi-Skilled in Operating

The only employees engaged in the Operating Department that shall be rated as semi-skilled workers are those who are engaged in sewing welded bottoms and gussetts, pocketbook gussetts, sewing leather and lining together, either on a high or flat machine, sewing fancy stitching without a gauge on outsides.

ARTICLE C - The Definition of Semi-Skilled in Framing

The only employees in the Framing Department who shall be rated as semi-skilled workers are those who can frame completely an inverted or inner-grip frame or who participate in framing of covered frames, full inlay frames or shell frames. This does not include the inside pockets of any of the above frames. Also purse framers shall not be rated as semi-skilled workers.

ARTICLE D - The Definition of Semi-Skilled in Paring

A semi-skilled parer is one who can pare all types of work and who understands the paring machine so as to be able to make the necessary changes of gauge, knife and emery wheel.

ARTICLE E - The Definition of Semi-Skilled in Pocketbook Making

A semi-skilled pocketbook maker is one who turns in leather and assembles the bag.

ARTICLE F

The Committee agrees that no person shall be considered semi-skilled on any of the above operations unless he has been employed in any operation for a period of nine months.

REPORT OF PHILIP LUBLINER, LABOR MEMBER OF THE CODE AUTHORITY, AND MEMBER OF THE SUB-COMMITTEE, TO DEFINE THE PROVISIONS DEALING WITH WAGES FOR THE SEMI-SKILLED

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In submitting my report on the definition of the term of semi-skilled employees, I want to state that Article IV, Paragraph 2, providing: "No semi-skilled employee engaged in the cutting, framing, paring, pocketbook-making and operating (except lining operators, cementing or pasting) employed in the manufacture of any of the products covered by the provision of this code, made of any materials other than imitation leather, shall be paid at less than 45¢ per hour", is self-explanatory.

For many years all the manufacturers, collectively and individually, considered the operations of cutting, operating, pocketbook-making, framing and paring as skilled operations. It is true that there were two classes agreed upon, a first-class and also a second-class which differentiated between an accomplished worker who could do everything, and a worker who could perform only certain parts of the operation.

In the case of pocketbook-making, a class of semi-skilled workers was recognized, such as the helpers who are the direct assistants to the pocketbook makers, and these helpers received a wage as high as $31.00 per week, and today they receive $23.30 for 40 hours' work.

The provision in the code establishing a semi-skilled employee in the above mentioned branches of the industry was intended as a concession to cover the special conditions in those factories that are outside of the metropolitan district of New York City, where a system of sectionalizing the work has been installed. The workers in the out-of-town localities are broken in to certain operations and within a very short period, after being steadily engaged in that particular operation, become very efficient and will compare most favorable in speed and efficiency on that operation with any skilled worker. It is for this reason that the term of semi-skilled employee is allowed in our code, and by excluding cementing, pasting and lining operating, the obvious intention of this provision of the code is to cover all workers, except those who are unskilled, who are engaged in the making of pocketbooks. The only question to be determined is: when is a new worker coming into the trade as an apprentice and engaged in pocketbook-making, framing, cutting, operating or paring, to be considered semi-skilled?

Our answer to this question is that a maximum of three months' experience is necessary to be regarded as a semi-skilled worker in the industry within the meaning of the code.

To define "semi-skilled", as the committee defines it, is to nullify the intent of the provision of the code and to render the enforcement and compliance of the provision totally impossible.

The definitions contained in the reports of the majority and the minority of the committee are unsound as I shall presently show.

First: Cutting: The definition of the majority, excluding paper wadding and rubber-cloth cutting from the semi-skilled provision is wrong. No manufacturer will trust any learner to cut any materials, whether it be outsides (that is leather, silk, etc), or linings, or paper, or wadding, unless the cutter has experience, since it requires precision, knowledge of materials and skill in handling a shear-cutting or clicking machine to do this work. Most of the manufacturers in engaging cutters, even in the out-of-town areas, try to get workers that have experience in handling machines. They get either shoe-cutters, cutters from bookbinderies or other kindred industries, and it takes a very short time for this kind of worker to adapt himself to the handbag line. If a manufacturer should take an altogether inexperienced worker to work at the machine, he will find that it will take time and application before the worker will be able to cut satisfactorily even the above mentioned items, such as paper, wadding and rubber cloth.

Second: The definition of the minority which excludes handle linings, pullers, puller linings and gussets that are cut by clickers, is a definition that would place 60% of the cutting branch of the industry in the unskilled branch. The cutting branch of our industry is conceded by all manufacturers as being the foundation of a factory. A cutter has to handle a knife, work at a hazardous clicking machine or shear-cutting machine, and must be constantly on the lookout to save and economize on the materials.

Definition of Operating: Any attempt to take part the various operations in operating is, to my mind, a pure evasion of the provision of the code. If we are to consider the definition of semi-skilled as proposed, it would make it impossible for the majority of the operators to receive the benefit of the 45¢ per hour. In considering this provision of the Code, after considerable debate, the only exclusion conceded was lining operating. If other operating was to be excluded, it was strange that there should have been a limitation on linings; and even on linings there are certain operations, such as ruffle-pockets, sewing on of pipings, etc. that are highly skilled.

Definition of Framing: In its attempt to exclude purse framing from the semi-skilled, it would put bag-framing, which is one of the highest paid and most skillful operations in our industry on the lowest level. No beginners can frame a purse unless he is broken in and works at it constantly for a number of weeks, and even though there are labor saving devices and machines which have lately been introduced for framing purposes, it would still necessitate hard application and steady practice before a worker can frame a purse properly. It is my opinion that there are no unskilled workers in the framing branch altogether, that all the work performed on framing is skilled. It certainly cannot be defined as less than semi-skilled. We object against this proposed definition as tending to break down the standards of a branch of the industry that has for many years been fairly well paid.

Definition of Pocketbook-making: The definition of semi-skilled on pocketbook-making as made by the majority as well as the minority, is confusing and it will make it altogether impossible to enforce compliance. A semi-skilled worker in the pocketbook branch of the industry

is essentially the one that can do turning-in or assembling, whether on silk, leather, or any other kind of material. Since the work of pocketbook-making is so sectionalized that every worker performing his particular part is skillful and efficient, there is no reason to deprive these workers of the right of earning 45¢ per hour.

Unless the definition of semi-skilled is as suggested in my report, there will be no adequate wage provision to prevent unfair competition.

(Signed) Philip Lubliner

CODE AUTHORITY

LADIES' HANDBAG INDUSTRY

303 FIFTH AVENUE

NEW YORK

May 1st, 1934 -

ARTICLE C. The Definition of Semi-Skilled in Framing

All framing shall be considered semi-skilled excepting the framing of purses not attached to frames.

ARTICLE D. The Definition of Semi-Skilled in Paring

All employees engaged in paring shall be considered semi-skilled. This definition was also voted for by P. Lubliner in addition to the four Industry members already recorded.

ARTICLE E. The Definition of Semi-Skilled in Pocketbook Making

All employees engaged in pocketbook making are considered semi-skilled except turning in handles, tucks or loops and all table work on linings.

ARTICLE F.

The Committee agrees that no person shall be considered semi-skilled on any of the above operations unless he has been employed on any operation for a period of six months.

NATIONAL RECOVERY ADMINISTRATION

May 3, 1934

MEMORANDUM

TO: Mr. Rosenblatt

FROM: Earl Dean Howard

SUBJECT: Definition of semi-skilled in Ladies Handbag Code.

Attached hereto is the report of the Committee on the Definition of semi-skilled workers in the Handbag Industry. In pursuance of the agreement reach with Colonel Lea, Mr. McGrady and yourself, a date will be set for hearing on this definition.

Inasmuch as the question of representation will be presented as soon as the minority members of the Code Authority have forwarded such a resolution to us. I think the date of hearing on the definition should be held open until we have both subjects to consider at the same time.

(Signed) Earl Dean Howard

Earl Dean Howard
Deputy Administrator

CODE AUTHORITY

LADIES' HANDBAG INDUSTRY

303 FIFTH AVENUE

NEW YORK

May 14, 1934

Mr. Earl Dean Howard
Deputy Administrator
Commerce Bldg.
Washington, D. C.

Dear Dr. Howard,

At a regular meeting of the Code Authority held on May 10 the Definition of Semi-Skilled Worker was again presented for consideration. At the request of the Code Authority member, Mr. George Meyers, the consideration of the Definition of the Semi-Skilled Worker was postponed until the next regular meeting of the Code Authority for the purpose of giving our Administration Member, Mr. O. W. Pearson, an opportunity to become acquainted with the industry and to enable him to study the purposes and the effects of the proposed definitions that are to be submitted by the majority and the minority reports of the committee.

Very truly yours,

(signed) A. Mittenthal
Code Director
Ladies' Handbag Industry

AMittenthal/edl

NATIONAL RECOVERY ADMINISTRATION

WASHINGTON, D. C.

45 Broadway
New York City

May 17th, 1934

Mr. James C. Worthy
Room 4581
Department of Commerce Building
Washington, D. C.

Dear Mr. Worthy:

This is merely to report progress on the matter of the definition of semi-skilled workers in the Ladies Handbag Industry.

I have visited a number of factories here in New York during this week and on Tuesday and Wednesday of next week, I am going to get time off to visit some out-of-town factories, as I am told that the processes in the out-of-town factories are somewhat different from those in New York City.

I wired you this morning respecting the budget, a copy of which I enclose. I am at a loss to understand what happened to my original approval, but I cannot find any trace of it here in the office. If you desire it, I can enlarge upon these telegrams when I reach Washington, Saturday.

Yours very truly,

O. W. PEARSON
ADMINISTRATION MEMBER

OWP:DAR

June 21st, 1934.

STATEMENT OF LABOR ON THE SEMI-SKILLED WORKERS
OF THE POCKETBOOK INDUSTRY

The undersigned, after having met in conference with the representative of the employers to classify and define the semi-skilled workers in the industry, have given due consideration to the subject matter before them. Our conclusions, based on many years in the industry, are as follows:

Definition of Cutting

All cutting operations are skilled and semi-skilled operations. Four outstanding manufacturers of the industry have agreed in a previous discussion on the very same subject to the following:

> "All cutting operations, excepting paper, wadding and rubber cloth cutting, are to be considered semi-skilled."

The following committee members have signed their names to this definition: I. Schoenholtz, Chas. Wolf, S. Maksik and A. Greenbaum.

We dispute the exceptions to paper wadding and rubber cloth cutting, and ask that they be included as skilled and semi-skilled operations.

Definition of Operating

All operating on outside work, linings, handles, pullers, etc., must be considered skilled or semi-skilled operations.

The four above mentioned employers have gone on record with the Code Authority for the Ladies' Handbag Industry on the question of defining the semi-skilled operations in the operating branch of the trade as follows:

> "All outside operating shall be considered semi-skilled except handles."

The undersigned, representatives of labor, cannot make it too emphatic that operators on handles have always been considered in the New York market on an equal par with all other operators, because operating on handles requires skill, ability, knowledge and experience. The handle is one of the most important parts of the entire bag. Women will first detect defective operating on handles. We ask that operators on handles be treated on an equal par with all other operators.

The same must be said about lining operators.

Definition of Semi-Skilled on Framing

Our definition for labor as far as framing is concerned is as follows: All framing shall be considered skilled and semi-skilled.

A committee of representative manufacturers consisting of I. Schoenholtz, Chas. Wolf, S. Maksik and S. Greenbaum, on a previous occasion defined framing as follows:

> "All framing shall be considered semi-skilled excepting all purses not attached to frames."

Our definition for labor on semi-skilled operations in pocketbook-making is: All workers engaged in pocketbook-making are to be considered skilled and semi-skilled.

The above mentioned four employers have defined semi-skilled operations in the pocketbook-making branch of the trade as follows:

> "All employees engaged in pocketbook-making are to be considered semi-skilled, except turning in handles, tucks or loops, and all table work on linings."

We know from our own experience, and the employers in the City of New York have always conceded that turning in handles, tucks or loops, also table work on linings, are skilled operations which for years have been performed by skilled pocketbook makers and classified helpers (classified helpers have always received and are receiving today a minimum wage of no less than $23.31 per week).

Definition on Paring

Our definition for labor on the paring branch of the industry is as follows: All employees engaged in paring, skiving, splitting or edging, are skilled or to say the least, semi-skilled operations.

Messrs. I. Schoenholtz, Chas. Wolf, S. Maksik and A. Greenbaum, four of the outstanding manufacturers of our industry, have actually agreed to this definition. We quote from the report submitted by Mr. I. Schoenholtz, Chairman of the committee, to the Code Authority of the Ladies' Handbag Industry, to wit:

> "All employees engaged in paring (meaning sometimes skiving) shall be considered semi-skilled."

The undersigned labor representatives of the committee are at a loss to understand why the two representatives, Messrs. Goldsmith and A. Greenbaum, particularly the latter, should have gone back on the definition of the previous committee of four employers, of which Mr. A. Greenbaum was a member, and attested his name to the definitions of the previous report. The committee of labor on previous occasion was not satisfied with the definition of said committee of four employers which constituted the majority opinion of the employers of the industry, and we demand that justice be done to the skilled workers of the industry who, because of circumstances, have been nicknamed semi-skilled workers for the sole purpose of maintaining sub-standard conditions in many shops in the industry, and for the further purpose of perpetuating unfair labor competition in the trade.

We know from our own experience as workers of the industry for over twenty years, that a cutter, operator, pocketbook maker, framer, parer, etc., after having had experience of thirty days to two months, considering the present modernized and efficient methods of production, is entitled to be classified at least as a semi-skilled worker and justified to the minimum scale of 45¢ per hour provided for in the Code of Fair Competition for the Ladies' Handbag Industry.

(Signed) A. Stein

(Signed) Philip Lubliner

Representatives of Labor on the Committee to define the Semi-Skilled Provision of the Ladies' Handbag Industry.

R A D I O G R A M

MACKAY RADIO
The International System

1934 Jun 21 PM

WB37 262 COUNT PCTNS-AS NEW YORK NY 21 424P
DAVID BARR
ASSISTANT DEPUTY ADMR APPAREL SECTION DEPARTMENT OF COMMERCE BLDG-

THE FOLLOWING ARE DEFINITIONS AGREED UPON JOINTLY BY INDUSTRY MEMBERS OF THE COMMISSION STOP LABOR DEFINITIONS NOT READ STOP WILL TELEGRAPH WHEN RECEIVED STOP DEFINITION OF SEMISKILLED IN CUTTING: ALL CUTTING OPERATIONS ARE TO BE CONSIDERED SEMISKILLED, EXCEPTING CUTTING PAPER, WADDING OR RUBBER OR LINING CLOTH, AND EXCEPTING HANDLES, HANDLE LININGS, PULLER, PULLER LININGS, GUSSETS AND SMALL TRIMMINGS THAT ARE CUT BY CLICKERS STOP DEFINITION OF OPERATING: ALL OPERATING IS TO BE CONSIDERED SEMISKILLED, EXCEPTING LININGS, HANDLES AND PULLERS, SEWING AND SEWING ON OF HANDLES AND PULLERS, AND SEWING IN LININGS INTO THE BAGS FOR FRAME PURPOSES. STOP. DEFINITION OF SEMISKILLED IN POCKETBOOK MAKING: ALL WORKERS ENGAGED IN POCKETBOOK MAKING BY HAND, ARE CONSIDERED SEMISKILLED, EXCEPT TURNING IN HANDLES, TUCKS, LOOPS OR GUSSETS, OR HANGING ON FLAPS, ALSO EXCEPTING ALL TABLE WORK ON LININGS. STOP. DEFINITION OF SEMISKILLED IN FRAMING: ALL FRAMING SHALL BE CONSIDERED SEMISKILLED EXCEPTING ALL PURSES AND FRAME POCKETS. STOP. DEFINITION OF SEMISKILLED IN PARING: ALL WORKERS WHO DO PARING ON PARING MACHINES WHO ARE CAPABLE OF MAKING THE NECESSARY CHANGES OF GAUGE, KNIFE AND EMERY WHEEL ON A PARING MACHINE SHALL BE CONSIDERED SEMISKILLED EXCEPTING THOSE WHO PARE HANDLES, TUCKS AND GUSSETS. STOP. THE COMMITTEE AGREES THAT NO PERSON SHALL BE CONSIDERED SEMISKILLED ON ANY OF THE ABOVE OPERATIONS UNLESS HE HAS BEEN EMPLOYED ON ANY OPERATION FOR A PERIOD OF SIX MONTHS STOP-

A MITTENTHAL CODE DIRECTOR LADIES HANDBAG INDUSTRY

DEFINITIONS OF SEMI-SKILLED WORKERS AGREED UPON BY BOTH INDUSTRY REPRESENTATIVES OF THE COMMISSION APPOINTED TO DEFINE SEMI-SKILLED WORKER

\- -

DEFINITION OF SEMI-SKILLED IN CUTTING

All cutting operations are to be considered semi-skilled, excepting cutting paper, wadding or rubber or lining cloth, and excepting handles, handle linings, puller, puller linings, gussets and small trimmings that are cut by clickers.

* * *

DEFINITION OF OPERATING

All operating is to be considered semi-skilled, excepting linings, handles and pullers, sewing and sewing on of handles and pullers, and sewing in linings into the bags for frame purposes.

* * *

DEFINITION OF SEMI-SKILLED IN POCKETBOOK MAKING

All workers engaged in pocketbook making by hand, are considered semi-skilled, except turning in handles, tucks, loops or gussets, or hanging on flaps, also excepting all table work on linings.

* * *

DEFINITION OF SEMI-SKILLED IN FRAMING

All framing shall be considered semi-skilled excepting all purses and frame pockets.

* * *

DEFINITION OF SEMI-SKILLED IN PARING

All workers who do paring on paring machines who are capable of making the necessary changes of gauge, knife and emery wheel on a paring machine shall be considered semi-skilled excepting those who pare handles, tucks and gussets.

* * *

The Committee agrees that no person shall be considered semi-skilled on any of the above operations unless he has been employed on any operation for a period of six months.

ORDER

CODE OF FAIR COMPETITION

FOR THE

LADIES' HANDBAG INDUSTRY

Appointing special commission to study labor conditions in the Ladies' Handbag Industry.

A Code of Fair Competition for the Ladies' Handbag Industry having been heretofore approved on March 14, 1934, and it being provided in Section 2 of Article IV of said Code, that "no semi-skilled employees engaged in cutting, framing, paring, pocketbook making and/or operating (except lining, operating, cementing and/or basting) employed in the manufacture of any of the products governed by the provisions of this Code made of any materials other than imitation leather, shall be paid at no less than the rate of 45¢ per hour"; and

The application of said Section 2 of Article IV having been stayed by Section 1 of the Administrative Order of March 14, 1934 approving said Code until such time as the Code Authority shall present to the Administrator a definition of the term "semi-skilled employee" which receives the approval of the Administrator; and

The Code Authority having been unable to present a definition of said term acceptable to the Administrator and all other attempts to secure a satisfactory definition having failed; and

It being also provided in Section 6 of Article IV of said Code that "The Administrator may upon recommendation by the Code Authority and after full study and investigation by the Code Authority and after such notice and hearing as he shall prescribe, establish as a part of this Code such basic rates for the more skilled classes of employees as may be necessary to further effectuate the purposes of the Act; and

It appearing to me necessary, notwithstanding that the Code Authority has made no recommendations as to the establishment of basic rates for the more skilled classes of employees, that a study be made of the Industry to determine the desirability and practicability of the establishment of such basic rates; and

It being also provided in Section 1 of Article III of said Code that "no employee shall be permitted to work in excess of forty (40) hours in any one week nor in excess of eight (8) hours in any twenty-four (24) hour period; and

Recommendations having been made to me that said hour provisions has not tended to effectuate the purposes of the Act by the relief of unemployment in the Industry; and

It being also provided in Section 10 of Article V of said Code that "no member of the Industry shall give out work to be performed in any home or dwelling place except that this prohibition shall not apply to hand beading, hand crocheting or hand embroiderying, and except that hand sewing at home shall be permitted until July 1, 1934, but not to be permitted thereafter. The Code Authority shall, in conjunction with such State Governments and such departments of the Federal Government and such other agencies as the Administrator may designate, study and investigate the problem of homework in this Industry and shall make to the Administrator recommendations for the effective and appropriate control of such homework as is herein permitted. Should the Administrator find it to the best interest of the Industry or to the best interest of labor or otherwise necessary to further effectuate the purposes of the Act, he may further restrict or wholly prohibit the practice of homework in this Industry"; and

It appearing desirable that the Administrator undertake a study of the problem of homework in this Industry, independent of the study being made by the Code Authority.

NOW, THEREFORE, pursuant to authority vested in me by the Administrator for Industrial Recovery and otherwise, I do create an Administrator's Commission for the Ladies' Handbag Industry with such powers and duties as are hereinafter set forth and as may be hereinafter assigned to it; and I do hereby appoint as the members of said Commission the following named persons:

Dr. Earl Dean Howard, Chairman
Arthur S. Roberts
Carl Rauschenbush

and

I do hereby ORDER that said Commission shall undertake immediately a study of the labor conditions in the Ladies' Handbag Industry with particular reference to the unemployment existing therein, competition between the various markets of the Industry, and homework; and I do further

ORDER that said Commission shall report to the Administrator on or before August 15, 1934 with its recommendations as to a definition of the term "semi-skilled employee", as to the feasibility of establishing as a part of said Code basic rates of pay for the more skilled classes of employees in said Industry, as to the practicability of a further reduction in the maximum hour provisions of the Code for the purpose of relieving unemployment in said Industry and as to the advisability and practicability of further restricting or of entirely eliminating homework in said Industry. And I do further

ORDER that the members of said Commission shall be compensated for their services by the Code Authority of the Ladies' Handbag Industry.

This Order may be modified or revoked at any time hereafter.

Sol A. Rosenblatt
Division Administrator

Approval Recommended

David Barr
Assistant Deputy Administrator
Apparel Section

Dean G. Edwards
Deputy Administrator
Apparel Section

E X H I B I T L

Memoranda covering certain Amendments

EXHIBIT L

MEMORANDUM

August 21, 1934

TO: J. G. Latimer, Division Legal Adviser, Division Three

FROM: George L. Berry, Division Administrator, Division Three

SUBJECT: In the matter of Approval of certain Amendments, pending to the Ladies' Handbag Code.

The code for this industry was recently transferred from the Fifth Division to my Division, in which it is now assigned to Deputy Berry in the Leather Section. At the time this transfer was made there were pending for the Administrator's approval certain amendments and modifications of stays under this code. Hearings having been held on the questions, the files were prepared and the Assistant Deputy formerly in charge of the code, David Barr, had prepared his recommendation recommending the stay order contained in the original order approving the code be vacated, and further recommending that the pending amendment be approved.

Since this code has been in Deputy Berry's hands he has recommended that these pending matters be not approved and that they be disapproved instead. However, subsequent to his recommendation to me in this matter, herewith attached dated August 20, the Labor Advisory Board has been pressing me recommending these matters for the Administrator's approval.

You will note from Deputy Berry's memorandum that there is a very serious problem involved of whether or not the approval would amount to the imposition of a provision of a code under Section 3 (d) of the Act or whether they can be properly approved under Section 3 (a) of the Act. Will you kindly advise me of your opinion in the matter?

There is attached hereto the record in the case and tentative orders, as well as the report of the Review Officer. Mr. Windsor, the code legal adviser in this case prior to the time of transfer, has rendered an opinion which you will find in the files approving the proposed actions, but I am quite sure that if you will confer with him he will give you information which will be valuable to you in connection with this case.

Since considerable controversy has developed as to the legality of such approval and whether or not it would amount to an imposition of a provision of a code, I am requesting your opinion in the matter.

In case you may desire further information, Assistant Deputy Ore who handles this code will, I am sure, be glad to consult with you at your request.

George L. Berry
Division Administrator

L E ORE/ah

9811

NRA
Legal Division

Tuesday
August 28, 1934

M E M O R A N D U M

To: Capt. J. F. Battley, Acting Division Administrator
Division III

From: J. G. Latimer, Division Counsel

Subject: Proposed Amendment of Article IV Section 2 of the
LADIES HAND BAG INDUSTRY CODE

I was requested by George L. Berry, Division Administrator of Division III, for the Legal Division's opinion regarding the approval of Executive Order amending Article IV Section 2 of the Ladies Hand Bag Industry Code, and in compliance with that request herewith transmit to you my opinion.

Said Article IV Section 2 reads as follows:

"No semi-skilled employees engaged in cutting, framing paring, pocketbook making and/or operating (except lining operations, cementing and/or pasting) employed in the manufacture of any of the products covered by the provisions of this Code, made of any materials other than imitation leather, shall be paid at less than the rate of forty-five (45¢) cents per hour."

The Order of the Administrator for Industrial Recovery approving said Code provides as a condition of approval in part as follows:

"Section 2 of Article IV be stayed until such time as the Code Authority shall present to the Administrator a definition of the term 'semi-skilled employee' which receives the approval of the Administrator."

The proposed modification provides for the deletion of the word "semi-skilled" and the words "made of any materials other than imitation leather" from said Section 2.

The following provisions in the Code have reference to modification of same, to-wit:

"Article IX Section1. This Code and all the provisions thereof are expressly made subject to the right of the President, in accordance with the provisions of sub-section (b) of Section 10 of the National Industrial Recovery Act, from time to time to cancel or modify any order, approval, license, rule or regulation issued under Title I of the said Act and

specifically, but without limitation, to the right of the President to cancel or modify his approval of this Code or any conditions imposed by him upon his approval thereof."

"Article IV Section 6. The Administrator may, upon recommendation by the Code Authority and after full study and investigation by the Code Authority, and after such notice and hearing as he shall prescribe, establish, as a part of this Code, such basic rates for the more skilled classes of employees as may be necessary to further effectuate the purposes of the Act."

The examination of the record of the public hearing held in reference to the proposed amendment to the Code discloses the following:

1. The Code Authority for the Industry was unable to agree upon a definition of "semi-skilled employee".

2. A substantial majority of the Industry members object to the approval of the proposed amendment to Section 2.

3. The amendment, while purporting to provide for a minimum wage, will in reality under existing conditions in the Industry, provide for a maximum wage for a substantial number of the employees, and, in effect, impose a wage scale.

Section 7 (a) (3) of the Act provides as follows:

"... that employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President."

Section 7 (c) authorizes the President to prescribe a limited Code of Fair Competition "fixing such maximum hours of labor, minimum rates of pay,****".

The above sections of the Act are cited as excluding, at least by implication, the writing of wage scales in codes of fair competition and, in my opinion, it is beyond the purview of the Act to prescribe the maximum, as distinguished from the minimum, wages.

The testimony taken at the public hearing shows that the great majority of employees in this Industry at the present time are located outside of the metropolitan area and that the average wage for such outside employees is $18.00 per week. The testimony also indicates that under present conditions a weekly wage of $18.00 would tend to fix a maximum wage for the majority of employees actually engaged in the Industry.

It is my opinion that under the circumstances it is doubtful whether the President could legally impose the above amendment over the objection of a majority of the members of the Industry.

On the ground of policy, I think the amendment is definitely objectionable because the factual showing is not sufficiently strong to justify the unusual procedure of imposing a modification of this character over the objections of a substantial majority of the members of the Industry.

/s/ J. G. Latimer
J. G. Latimer
Division Counsel

jgl*mb

NRA
Legal Division

Thursday
September 6, 1934

MEMORANDUM

To: Colonel H. S. Berry, Deputy Administrator

From: J. G. Latimer, Division Counsel

Subject: Approval of certain Amendments pertaining to the Ladies Handbag Industry Code

I have transmitted to Captain Battley, as Acting Division Administrator of Division III, my opinion in reference to the above subject matter, and have returned to Major Berry certain documents which he transmitted to me, as follows:

Record of Hearing
Folder containing Order terminating stay of Article IV Section 2 of the Code together with supporting documents
Copy of Executive Order approving amendments

I am returning to you herewith the following documents:

Memorandum of Alvin Brown dated August 15, 1934
Memorandum from Review Division dated August 13, 1934 signed by E. M. Jeffrey
Copy of legal opinion of Curtin Winsor dated July 31, 1934

which documents I think you left with me.

/s/ JGL
J. G. Latimer
Division Counsel

jgl*mb

9811

August 15, 1934

TO: Division Administrator, Division 3

FROM Review Officer

SUBJECT: Stay of Article IV, section 2, of the code for the LADIES' HANDBAG INDUSTRY

This order will not be consistent with the Administrator's former action unless the amendment concurrently presented is approved. The question of approval seems doubtful. Accordingly, it is suggested that this order be withheld until such question has been determined.

Alvin Brown

/s/ AB

9811

August 13, 1934

REVIEW DIVISION

Order, Terminating Stay of Article IV, Section 2, of the Code for the LADIES HANDBAG INDUSTRY

Labor Advisory Board, Legal Division approve. Division of Research and Planning approve with suggestion. Consumers' Advisory Board reports, but does not comment. Industrial Advisory Board disapproves.

Administrator's Order: Provision having been made in Administrator's Order approving code as a condition of approval that Section 2, Article IV, (providing wages for semi-skilled employees in certain departments of not less than 45¢ per hour) be stayed until code authority defines satisfactorily to Administrator term "semi-skilled employee". Code Authority unable to agree on definition, necessary in order to effectuate policies of Act that stay be terminated.

Industrial: disapproves; no reason

Research and Planning: suggests no objection to termination of stay, provided a wage differential on the type of material used in making of hand bags is maintained on some equitable differential to take care of the small town manufacturer producing volume merchandise at low prices.

Deputy: answers: this matter not properly within the scope of this Order.

E. M. Jeffrey

DJD:mch

Received for Review August 13, 1934 10:00 AM

Forwarded with Review August 14, 1934 6:15 PM

9811

C O P Y

July 31, 1934

NRA
Legal Division

MEMORANDUM

TO: Assistant Deputy Administrator Barr, Room 3016

FROM: Curtin Winsor, Assistant Counsel

SUBJECT: Proposed Modification of Article IV, Section 2 of the Code -- Ladies Handbag

You have me recommendations made up sometime ago in which I stated that it was doubtful legally whether the President could impose an amendment to an approved code, and me objections to the proposed amendment on the grounds of policy.

You now ask for my opinion as to whether the problem of semi-skilled employee can be taken care of by having the Administrator lift the stay of Section 2, Article IV, provided for in the order approving the Code and by having the President sign an order modifying the Administrator's Order approving said Code that the word "semi-skilled" and the words "made of any materials other than imitation leather" shall be deleted from this Section.

Article IX, Section 1 of the Code provides in part as follows:

> "This Code and all the provisions thereof are expressly made subject to the right of the President, in accordance with the provisions of Sub-section (b) of Section 10 of the National Industrial Recovery Act, from time to time to cancel or modify an order, approval, ...issued under Title I of the said Act and specifically, but without limitation, to the right of the President to cancel or modify his approval of this Code or any conditions imposed by him upon his approval thereof".

In my opinion, the elimination of the words above referred to from Article IV, Section 2 in the Order falls within Article IX, Section 1 of the Code and Section 10(b) of the Act. Legally, therefore, your proposed solution is probably in order.

My objections on behalf of the Legal Division to the proposed amendment on the grounds of policy apply with equal force, however, to the new proposal. Our legal rights are not so definitely established that we should attempt to test them against the wishes of a united Industry unless our reasons for doing so are so strong as to warrant such a test. I am unable to see that they are that strong in the present instance.

Curtin Winsor

9811

NRA
Legal Division

Thursday
September 6, 1934

M E M O R A N D U M

To: Major George L. Berry, Division Administrator

From: J. G. Latimer, Division Counsel

Subject: Approval of certain Amendments pertaining to the LADIES HANDBAG INDUSTRY CODE

A few days ago, in response to your Memorandum of August 21 in reference to the above subject matter, I transmitted my opinion regarding the legal aspects of the proposed approval of amendments to Captain Battley on the assumption that, as Acting Administrator for Division III, such opinion should be delivered to him.

I failed at that time to return certain documents which were forwarded to me, which documents are as follows:

Record of Hearing
Folder containing Order terminating stay of Article IV Section 2 of the Code together with supporting documents
Copy of Executive Order approving amendments

These documents are returned to you herewith.

/s/ JGL
J. G. Latimer
Division Counsel

jgl*mb

9811

E X H I B I T M

Digest of Hearing,. May 7, 1934

EXHIBIT M.

DIGEST OF HEARING HELD MAY 7, 1934

Before Assistant Deputy Worthy and his Advisors

Miss Rose Schneiderman	Labor Advisory
Mrs. Cunningham	Research and Planning
Mr. Curtis Winsor	Legal

The protestants were:

G. R. Godfrey Co., Gardner, Massachusetts
Hudson Leather Goods Co. Inc., Nyack, New York
Paragon Novelty Bag Co. Inc., Newburg, New York
Uneeda Novelty Bag Co. Inc., Newburg, New York
Newburg Handbag Co. Inc., Newburg, New York
Licht & Kaplan Inc., Newburg, New York
Strand Leather Goods Co. Inc., New York
Virginia Art Goods Co. Inc., Lynchburg, Virginia

Basis of protest:

Did not participate directly or indirectly in establishing or consenting to a code and were particularly harmed by provisions:
Sections 1 and 2 Article III
Sections 1, 3 and 6, Article IV
Wage Differential not provided.

Provisions complained of:

Hours, Wages, Learners and Classification.

The arguments presented were:

Learners - inability to obtain trained help.
Wage Differential of thirty cents - inability to pay and inability to compete with others in a more advantageous position.
Hours - need of longer hours for office staff.

All protests disallowed under Orders 332-4-5-6-7 signed by Earl Dean Howard, Deputy, with exception of Virginia Art Goods Company, Inc. held in abeyance.

HISTORY
of the
CODE OF FAIR COMPETITION
for the
LADIES HANDBAG INDUSTRY

Volume II

E X H I B I T "N"

Administration Member's Reports

EXHIBIT N

March 30, 1934

Dr. Earl Dean Howard
National Recovery Administration
Washington, D. C.

Re: Homework

Dear Dr. Howard:

The more I look into this question the stronger becomes my conviction that to arbitrarily do away with this practice would work grave injustice to employer and employee alike.

As you are probably aware, Codes already approved forbid this practice on and after certain set dates. Perhaps it was a majority of manufacturers in the several industries affected who selfishly wanted this rule made absolute and prevailed in their argument. Undoubtedly they marshalled a great mass of supporting evidence which warranted the Administration forbidding the practice.

My personal feeling is one of opposition to the practice. I know of the evils that have and do exist. I know of the unsanitary conditions that so generally prevail, and I recognize the frightful exploitation of the human factor. Notwithstanding all of these conditions, I must remember that the people affected, employer and employee alike, have a stake in this form of operation, and to destroy that is a serious matter. While I believe it is true that a certain percentage of such workers can be absorbed into factory operation, I am certain that a quite large percentage cannot, and it is of these I am particularly concerned. Their earnings, pitiful and small as they have been are an important part of the home economy, and one cannot ignore it, for to do so would be a grave injustice, and would tend to add to the great want that already exists.

Difficult as the matter of regulation is, and of necessity will be, I am very certain today that drastic regulation can be made effective, not, of course, 100%, or perhaps approach that, but sufficiently to bring about a vast improvement.

It has been suggested to me that a form of licensing through a state agency and a paid policing through the several Code Authorities affected, could be brought about, and would be of tremendous help.

The suggestion made provides for a fairly stiff licensing fee - one that would to a degree at least, keep the irresponsible employer out of the picture, and on top of that, they be required to pay a sum to their Code Authority sufficient to provide for the policing. The burden of proof as to the cleanliness of the home where work goes, and as to the rates of pay, would be placed squarely on the shoulders of the employing manufacturer, and sworn statements from him as to compliance be required with an agreement that extremely heavy penalties could be summarily inflicted for noncompliance, all of which he would agree to when he made application for his license.

After inquiring into this subject on both sides of the picture, it is my considered opinion that homework should not be abolished and that a form of regulation such as indicated above, should be required.

Very truly yours,

O. W. Pearson

OWP:HA

April 7, 1934

Dr. Earl Dean Howard

O. W. Pearson

Bag Code Authority

Organized this Authority Tuesday night, April 3, 1934. Meeting developed that a buyer's strike is threatened, probably in New York, over the new terms laid down in the Code. Suggested that it would be a threat only, but in the meantime would be good to get in touch with the Retail Code Authority and point out that the strike threat is based upon the idea of infringement of the Bag Code.

Out-of-town factories asking for apprentices. Matter to be investigated and report made immediately.

O. W. Pearson

OWP:MF

COLLECT AT NRA HEADQUARTERS AT WASHINGTON, D. C.

POSTAL TELEGRAPH

MAY 17, 1934

JAMES C. WORTHY
ROOM 4318-DEPARTMENT OF COMMERCE BUILDING
WASHINGTON, D. C.

I HAVE CAREFULLY EXAMINED ITEMIZED BUDGET OF THE LADIES HANDBAG CODE AUTHORITY IT HAS MY APPROVAL STOP THE METHOD OF RAISING MONEY TO MEET EXPENSES OF ADMINISTERING CODE IS I BELIEVE SOUND AND BASED ON GOOD PRACTICE STOP I HAVE LOOKED INTO THE ITEMS RELATING TO REMUNERATION AND FEEL THEY ARE PROPER

O. W. PEARSON
ADMINISTRATION MEMBER

ROOM 404-405

NATIONAL RECOVERY ADMINISTRATION

WASHINGTON, D. C.

45 Broadway
New York City

May 11, 1934

Dr. Earl Dean Howard
Deputy Administrator, Div. V. NRA
Department of Commerce Building
Washington, D. C.

My dear Doctor Howard:

IN RE: LADIES HANDBAG CODE AUTHORITY MEETING
THURSDAY- MAY 10.

The first order of business scheduled for last night's meeting was settlement of the matter of definition of semi-skilled workers. I am sorry to say that it was necessary to postpone this matter again. This was the condition that I found.

The New York group are now negotiating with labor for a new agreement. Based upon past experience, they came to me last night, and pointed out that if this definition were immediately settled, and under this new definition the out-of-town semi-skilled workers would be raised, the Labor Union in New York would immediately insist upon a proportionate increase being made for this group in the New York area, which would immediately place New York in the bad competitive position with respect to the out-of-town manufacturers.

I also discovered that the committee had been unable to agree, there being a sharp division of opinion, divided on the basis of 4 to 3 on each item taken up for settlement. In addition to that, Labor itself turns in a third report. I have agreed to make visits to some factories during this coming week for the purpose of seeing for myself exactly what is involved in these various operations and can present a more intelligent opinion as to what is a proper definition.

I trust this will meet with your approval. Much as I regret the delay, I am convinced it was sound to again postpone it for a short time.

I find the financial situation is not so hot. A request was sent out to the Industry to pay $25.00 each on account, to be credited against their Label orders. So far Industry had not responded. The Code Authority can discount with the bank all orders for labels they receive but they cannot secure these orders until the budget set-up and label plan is approved. This I believe had been in Washington for a week or two, and I wonder if it is possible to get some immediate action.

A number of petitions were presented to the Code Authority. Upon some of these, action was taken and I understood that respecting them Mr. Mittenthal will notify your office direct today. Others were laid over for the purpose of seeking further information.

We will have set up during this week the Trade Practice Complaints and Labor Complaints Committees and these will go forward for your approval just as soon as names are selected and agreed upon.

There is seemingly a better state of mind with respect to the two groups coming into being. This was definitely evident at the meeting last night and I am sure this is welcome news to you.

Meeting adjourned about 12:40 A.M.

Yours very truly,

O. W. PEARSON
ADMINISTRATION MEMBERS

OWP:DAR

COLLECT AT NRA HEADQUARTERS AT WASHINGTON, D. C.

POSTAL TELEGRAPH

May 17, 1934

JAMES C. WORTHY
ROOM 4318
DEPARTMENT OF COMMERCE BUILDING
WASHINGTON, D. C.

UPON EXAMINATION LABEL COST OF THE LADIES HANDBAG CODE AUTHORITY IS PROPER AND HAS MY APPROVAL STOP CODE AUTHORITY SHOULD BE PERMITTED TO PURCHASE AND ISSUE TERM STOP THE ISSUING OF LABELS WILL BE BASED UPON THE VARIOUS PRICE-LINES OF THE INDUSTRY AND ARE COMPUTED UPON AN EQUAL BASIS OF APPROXIMATELY ONE THIRD OF ONE PERCENT

O. W. PEARSON
ADMINISTRATION MEMBER

Room 404-405.

9811

NATIONAL RECOVERY ADMINISTRATION

May 25, 1934

Mr. James C. Worthy
Assistant Deputy Administrator
National Recovery Administration
Washington, D. C.

RE: Ladies' Handbag Code Authority

Dear Mr. Worthy:

Shortly after this Code Authority started its session last night, Notice of Hearing with respect to definition of semi-skilled workers and the plea for a change of the Code Authority personnel on the ground that it is not truly representative, was read and the fire works were on. I thought my millinery friends could fight but they don't know how to go about it as do the members of the Ladies' Handbag Code Authority. So much bitterness developed that I finally adjourned the meeting at ten-thirty and said if the industry members of the Authority cared to stay, I would be glad to sit up all night if necessary, and stay all day on Friday, for the purpose of trying to arrive at an amicable settlement of the differences that exist between the various factions and groups.

This they agreed to do and I asked that Labor and the code directors leave. I thereupon started the meeting which lasted until nearly four o'clock this morning. When I made this offer, I, of course, realized a number of others had attempted to do the same thing, including your own good selves, but feeling that perhaps the situation might be a little different today as a result of the work, little as it has been on the surface, done by the Code Authority, I blithely set out on, what shall I say - my errand of mercy. Oh boy, I am a wreck today but I do see a little glimmering of light and the possibility of finding a common ground upon which they can all agree.

The basis of my thought is that all present associations shall go out of business and that there be formed one new association, the name of which is immaterial at this point, and the membership of which shall be all present members of the old groups; and that possibly the membership of the Code Authority should consist of a number of men representing out-of-town, equalling those representing New York or some such proper basis.

It then developed, and this is where the greatest bone of contention lies, that the proposed definition of semi-skilled workers is the kernel of the whole situation. It seems to be evident that there is too wide a labor cost differential existing between New York and out of town. Of course, out of town feels this is not so but as is usual, neither side has any facts upon which one can reach a reasonable conclusion.

Finally, at four this morning, I suggested that I procure from out of town manufacturers and an equal number of New York manufacturers, say four to six in each case, or at least enough representing each of the major price lines, a definite cost of operation figure which, of course, I can only get from a quick survey by an accountant during the next few days. It was suggested that if I would do this, I might ask the Administration to postpone the hearing, set for June 16 I think. They were pretty nearly of the opinion that they could get almost a one hundred percent agreement on the decision that I reached.

I would like you to think this matter over and since I will be in Washington on Tuesday afternoon, perhaps you and I can sit down and discuss it at length and see what you think of it.

In the meanwhile, I have done this much. Mittenthal is going to give me the names of the various manufacturers to whom I might go, and I will send a preliminary letter to them acquainting them of what I have in mind and its purpose and chiefly bespeaking their earnest cooperation. We can be turning over whatever books are necessary to the Cost Engineers whom I will see.

In the meantime, too, I have asked Mittenthal to get in touch with as many members of the Code Authority as he can to see whether the Code Authority are agreeable to paying the necessary expense of this job, which I don't think will cost over two or three hundred dollars, at the most. If the desired results can be accomplished, certainly the effort is worth it. In fact it is worth a great deal more.

Kindest regards.

Sincerely yours,

(Signed) O. W. PEARSON
O. W. PEARSON
ADMINISTRATION MEMBER
LADIES' HANDBAG CODE AUTHORITY

MEMORANDUM

June 8, 1934

To: David Barr, Ass't, Deputy Administrator

From: O. W. Pearson, Administration Member

Subject: Budget - Ladies Hand Bag Code Authority

I think you saw enough of this Industry this week to realize that at the moment of writing it is a pretty sick Industry and has many difficult problems facing it which require very definitely the finest type of brains that are to be procured, if one is to look for the discovery of the sick spots and weaknesses at present existing.

I think perhaps the title Planning and Progress Division of the Code Authority is not althogether a descriptive title, nor do I think the "Contributions to Associations for Code Authority work" are as well put as they might be. Briefly, the plan this Code Authority has in mind is the securing of a complete and definite picture of this Industry so that from the facts so disclosed one may be able to prescribe the curative dose that is necessary.

Obviously, all of such work requires, as I mentioned above, properly qualified brains. Hence, it was that the Code Authority after long discussion and examination, set up the Executive personnel of the Code Authority as they did. It so happens that this Executive personnel "set up" is a peculiarly happy one and, if I may say so, almost unique, at least in the Apparel Industries, since the three Executive heads are men of long experience in the Industry.

The Executive Director in charge of Planning and Research is an ex-member of the Industry with better than thirty-five (35) years of experience and knows the distributive problems of this Industry, perhaps, better than almost any other man in the Industry, in fact, he is acknowledged to be, what one may term an expert in such problems.

The Compliance Director is a manufacturer of thirty-nine years of experience, and unquestionably knows the mechanics of manufacturing from A to izzard. His job is a peculiarly difficult one requiring a most intimate knowledge of industry and its practices. He must be of the highest intelligence and integrity.

The Executive Secretary is peculiarly well qualified for his position. With some fifteen years of experience in this Industry he has a broad knowledge of the strictly labor side of the Industry. It so happens that labor problems involved are very acute and if one is to preserve the integrity of the Industry itself, it is, vitally important that the Code Authority should have the services of a man who is qualified in this direction. In addition his experience as Secretary of the Bag Trade Association has given him a ripe organizing experience.

From my talks with many members of Industry both on the Code Authority and manufacturers who are not on the Code, including the most recalcitrant members of Industry, all of these executives are reported to me to be of the highest integrity and the industry feels they are fortunate in obtaining the services of these men. In passing it may be interesting to know that as a result of the efforts of these men a great many thousands of dollars have already been collected and paid in restitution to workers, and it is further interesting to know that these men are so interested in their work they have worked for almost three months with but the payment to them of three weeks salaries.

Personally I feel the Industry is to be congratulated upon having this type of executive personnel, and I could wish that the same condition existed in the other industries with which I have been associated these past several months. You must also bear in mind that not alone have these men not been paid and yet have been willing to work, but that the Code Authority has had practically no funds with which to operate for travel and other expenses. This of course, has been due to the fact that they did not want to start the sale of labels which would produce the necessary revenue, until complete approval of the labels, their sale, and the budget was had from the Administration. This is, I think, something to the credit of the Industry in contradistinction with certain other industries who have proceeded without waiting for approval. This Authority has leaned backwards in their desire to see to it that the law is observed and that they themselves do not transgress the rules and regulations set forth by the Administration.

I think the breakdown of the Budget as originally presented can be improved so that perhaps it will show a decrease in the total revenue and expense, not perhaps a tremendous reduction, but none the less a reduction of several thousands of dollars.

O. W. Pearson
Administration Member

O. W. PEARSON
ADMINISTRATION MEMBER
45 BROADWAY, NEW YORK CITY

NRA HEADQUARTERS

DAVID BARR.
DIVISION FIVE, NRA
DEPARTMENT OF COMMERCE BUILDING
WASHINGTON, D. C.

I AM TO HAVE MEETING WITH A BAG MANUFACTURERS GROUP.

MONDAY MORNING STOP BELIEVE MAY BE ABLE TO FIND SO-

LUTION PRESENT PROBLEMS STOP WILL GET IN TOUCH WITH

YOU SOON AS MEETING CONCLUDES

O. W. PEARSON
ADMINISTRATION MEMBER

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NATIONAL RECOVERY ADMINISTRATION

45 Broadway
New York City

Digby 4-2324

July 2, 1934

Mr. Dean G. Edwards
Deputy Administrator, Div. V. NRA
Department of Commerce Building
Washington, D. C.

Dear Mr. Edwards:

SUBJECT: LADIES' HANDBAG INDUSTRY

This industry made another step forward in the program that we laid down for them some weeks ago and upon which I have spent so much time.

After the Code Authority meeting held last Thursday afternoon a Mass Meeting of the two fighting organizations was held for the purpose of carrying out an agreement entered into with me by a committee representing a group at a meeting held in Washington prior to the last public hearing.

At this mass meeting it was formally agreed that the two associations should unite and carry on a constructive program looking forward toward rehabilitation of this Industry.

As you know the picture here is a rather sad one. Its volume is down to about half of what it was two or three years ago and I am very certain that the profits have entirely disappeared.

The Labor Unions are making a stiff fight on the matter of Industry removing itself from New York City to other parts of the country. They are at present taking issue with one particular concern who a week or two ago removed its factory from this city to Massachusetts. So strongly do the Unions feel that they are making an issue of it with the NRA and there will be a hearing at #45 Broadway, this morning at 10 A.M., at which I am to be present, respecting this complaint.

The story back of this removal is an interesting one. Both Mr. Barr and myself have taken the postition that there is nothing that prohibits the removal of a factory from one place to another, but as I understood it the Union insists that the manufacturer in question take along with him all of the employees working in New York. The manufacturer refuses to do this on the following grounds. As a result of shrinkage in his capital and assets he could no longer obtain bank accommodations in the city of New York. Some months ago he learned of a vacant factory in Massachusetts located in a small town that has been closed for over a year, throwing two

to four hundred people out of work. This factory closed because of the dry rot that had set in the firm that had formerly conducted the business. Their business was comparable to handbags so that the former employees are more or less familiar with processes of bag manufacture. This New York concern having learned of this found that the local banks there would give it whatever accomodations it needed, provided it reopened that factory and took off the relief rolls of that town the former employees of that factory.

This New York manufacturer had not contractual relations with the New York Local Union, contract having expired on June 1st. The union and Industry have not been able to agree upon terms for the renewal of their contracts and I suspect that this delay in settling a new agreement is based upon the hope that out of the public hearing scheduled for July 9th one side or the other will be in a more advantageous position for making terms than they are today.

The whole situation in this Industry is bad. Now that the associations have joined forces, and provided the breath of life is put into it, possibly they can begin to work toward the solution of the many problems facing them.

Here to, as in Millinery, the price structure, their basis of figuring costs, (I suspect inefficient factory operation), the buying of orders rather than selling are the troublesome factors.

Here again I hope to be able to give them the benefit of my own experience along those lines that should look forward to a better state of affairs.

Yours very truly,

/s/ O. W. PEARSON

O. W. PEARSON
ADMINISTRATION MEMBER

OWP:DAR

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O. W. PEARSON
ADMINISTRATION MEMBER
45 Broadway, NEW YORK CITY

NRA Headquarters

July 26, 1934

DAVID BARR, ASSISTANT DEPUTY ADMINISTRATOR, DIVISION
FIVE, NRA
DEPARTMENT OF COMMERCE BUILDING
WASHINGTON, D. C.

I RECOMMEND THAT EXEMPTION AS CONFERRED BY PARAGRAPH THREE

ADMINISTRATIVE ORDER #36 BE TERMINATED FOR LADIES' HANDBAG

INDUSTRY

O. W. PEARSON
ADMINISTRATION MEMBER

(this telegram sent over Administration Members own private wire)

45 Broadway, N. Y. C.

September 10, 1934

Colonel Harry Berry
Division 3
Commerce Building
Washington, D. C.

RE: Ladies Handbag Code Authority

My dear Colonel Berry:

I enclose herewith some statistics of work done with respect to compliance in this industry.

When one considers the disability, due to lack of finances, under which this Code Authority suffered during the first two or three months of its life, one cannot help but be astounded at the amount of ground covered by the Code Authority Directors.

Up to July 1, they had no investigators; employing their first man on July 1, the second August 20; and the third, August 27. I think you will go a long way before you find another code authority that has worked as conscientiously, and that has accomplished as much as have these same two gentlemen. Please note, they have had in excess of ten thousand dollars paid in restitution.

I understand you were in town last week, and I am sorry I did not see you.

With kind regards, I am,

Sincerely yours,

O. W. PEARSON
Administration Member

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45 Broadway, N. Y. C.

September 28, 1934

Colonel Harry Berry
Divisional Administrator
Commerce Building
Washington, D. C.

RE: Ladies' Handbag Code Authority

My dear Colonel Berry:

This Code Authority met last night, and I invited Speical Deputy, Doctor Schaeffer, who, as you probably know, is in charge of administration work in New York, to be present.

The meeting was a little less boisterous than usual, and it was interesting to note that, not withstanding the general strike situation, which is so seriously affecting everyone, good spirits prevailed.

In private conversations with one or two manufacturers before the meeting, I was informed that the strike is much more serious than perhaps I thought, and that it is doubtful, if it lasts another week, if many of the manufacturers can stand the gaff. The Communist element is definitely in the saddle and I am afraid that if manufacturers have to give in to the Communist demands, you will have the same situation develop here as is the case in the Fur Manufacturing Industry.

It is generally believed that the rank and file of workers are just as anxious to go back to work as are the manufacturers to have them. I was also informed that one small manufacturer had already signed the new agreement.

I further learned, and during the course of the meeting remarks about it were made openly, that there will be definite migration of industry from New York, and that it is the general feeling that in that, and only that, lies salvation. I was told that a number of manufacturers have been scouting around during this past week looking for locations. From the point of view of organized labor, this, of course, will be death, because of the obvious impossibility of holding the industry within the ranks of labor organization. Whether the industry can stand the cost of moving, is of course, an open question. However, I think Chambers of Commerce and other similar bodies in the smaller centers will do everything they can to help finance such a move.

The early part of the meeting was given to the reading of various petitions asking for learners, apprentices, overtime, and so forth. Most of these, in fact I think all of them, were rejected on the grounds that the position taken by the petitioners was unsound. These will, of course, go forward to you from the Code Authority Officers.

There was also brought to the attention of the Code Authority your request for immediate approval of an amendment to the code, changing the wage scale and deleting two troublesome paragraphs relating to semi-skilled definitions.

I had a telephone call late yesterday afternoon from Miss Schneidermann, who made an appointment with me for this morning. The purpose of her meeting with me was to discuss, or rather to impress upon the Code Authority through me, the insistence of the Labor Advisory Board that immediate action must be taken by the Code Authority on the matter of wages, or that Board would immediately petition you to discontinue the stay, and also that you write the definition of semi-skilled. I thought it politic, therefore, to immediately phone the Code Director and arrange for a special meeting of the Code Authority, to be called not later than Monday noon, for them to formally accept or reject your proposals, and, in the case of rejections, to state their reasons for holding it over.

While I realize that the industry has been much at fault in their dilly-dallying on this entire subject, I feel, myself, that at this point, bearing in mind the Communist threat, it would be unwise to press too hard for a final decision upon this. Although it is denied by the Code Director, I am of the definite impression that Mr. Stein, the Labor Representative, present last night, agreed with this viewpoint. Miss Schneidermann will check on this at a meeting she expects to have with him later this afternoon.

The rest of the meeting was interesting, somewhat amusing and peaceable, and we finally adjourned at 10:15 p.m.

In a conversation I had yesterday with Captain Brickley, he informed me that it was his feeling I should come to Washington next week, and he would see you today about wiring me the necessary order. Perhaps you will be good enough to remind him of this.

Sincerely yours,

O. W. PEARSON
Administration Member

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NATIONAL RECOVERY ADMINISTRATION

45 Broadway, N.Y.C.

October 26, 1934

Colonel Harry S. Berry
Deputy Administrator
Division Three
Commerce Building
Washington, D. C.

RE: Ladies' Handbag Code Authority

My dear Colonel Berry:

The meeting of this Code Authority last night was somewhat tumultuous, but I felt, by the time the long session was over, that the members would be able to reach an agreement with the Administration with respect to the matters in dispute for so long.

I was particularly glad that Mr. Ore was present, because, although they did not for the moment accept the proposals made by him, he, speaking with the voice of authority, convinced them, I am certain, of the need of immediate settlement.

The matters relating to wages and hours and the definition of semi-skilled were referred to a committee on which I was asked to sit as a member. This committee will be called together by the Code Director next Monday. I suggested that, because of the importance of these matters, the Code Authority be ready to receive the committee's report next Thursday night, rather than wait for the regular meeting, which is not due until two weeks from last night. They finally agreed to leave the calling of the meeting in my hands.

Mr. Ore seemed to have felt that, perhaps, he had too much to say on the proposals of the Administration, but I can assure you what was said was necessary to impress the Code Authority with the idea that they can no longer dally over this subject. I believe his statements had a salutary effect. I took occasion at the end of the meeting to point out their folly in consistently and persistently postponing the evil day until the dim distant future, and that I was concerned over their lack of performance with respect to this important matter, and it was beginning to be evident they hadn't the courage to squarely face the issue.

We also took up the matter of alternates, Mr. Ore pointing out that they are not permitted. The outcome was their reminding me that, in the hearing last summer, the set-up of the new Code Authority was placed squarely in my hands. I am going to have a meeting with the Board of Directors of the major association next Wednesday night which,

in turn, will, I think, be followed by an industry meeting, and I hope from that a much better frame of mind will come into being and that I shall be able to send you my nominations for the three additional members and, perhaps, as amendment to the Code, enlarging the body, so that it will be more truly representative.

Of course, we must all appreciate the strenuous time the industry has been having, and that many of the troubles, under which they have been laboring, have been the result of their own folly, rather than any sins of omission or commission on the part of the Administration. Knowing them as I do, I feel generally encouraged.

Very truly yours,

/s/ O. W. PEARSON

O. W. PEARSON
Administration Member

P. S. Will you be good enough to remind Mr. Ore that he is going, if it is possible, to send me, from the Research and Planning Division, the consolidated figures relating to this industry. Thanks.

O.W.P.

NATIONAL RECOVERY ADMINISTRATION
45 Broadway, N. Y. C.

November 1, 1934

Colonel Harry S. Berry
Deputy Administrator
Commerce Building
Washington, D. C.

RE: Ladies' Handbag Code Authority

My dear Colonel Berry:

The Committee appointed at the Code Authority meeting of last week, which is to make a recommendation to the Code Authority respecting the hour and wages provision, met and sat for four hours yesterday and decided they wished to talk it over with the entire industry, which was to meet at eight o'clock last night.

At the Code Authority meeting, it was determined - in fact, a very strong wish was expressed - that I should be present. However, at the Committee meeting yesterday, there seemed to be a feeling that industry would talk more freely if neither the Code Directors nor myself were present. Hence, I did not go. They did, however, invite the Counsel of the Association in the person of a Mr. Schlessinger.

I am told this morning, confidentially, that Mr. Schlessinger made a wholely destructive speech, telling the industry that the NRA was unconstitutional and that no code authority can levy any assessments or collect any other moneys from industry. The result of all this was a definite expression of feeling that they would not take any action with respect to hours and would not agree to anything in excess of the present minimum wage.

I am keenly disappointed about this, because last week, as I wrote you, I had hoped and believed cool heads would prevail and we could come to a satisfactory settlement.

I presume the Code Authority will get together very shortly, and take formal action in the matter, of which, of course, you will be duly advised.

Very truly yours,

/s/ O. W. PEARSON

O. W. PEARSON
Administration Member

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December 5, 1934

Dr. Schaeffer
45 Broadway
New York City

RE: Ladies' Handbag Code Authority
Meeting to be held Thursday night
at 6:30, December 6, at the
Hotel McAlpin

Dear Dr. Schaeffer:

In view of my confinement to bed, I wonder if you will be good enough to have someone attend to this Code Authority meeting in my place.

There is one subject that must be brought up at this meeting. For some months past, the salesmen of this industry have been trying to persuade the manufacturers to meet them for the purpose of discussing the matter of their commissions and drawing accounts. Outside of one brief meeting of a small committee some considerable time ago, nothing has been done. A deputation of these salesmen waited upon me on Monday afternoon of this week and I agreed to bring the subject before the Code Authority at its meeting Thursday night.

I take this ground. It is for the best interests of the industry to meet these gentlemen, and if they cannot accede to requests made, say so courteously and plainly and give the reasons therefor. It does not make for good feeling and, therefore, cannot be of help to the industry to have any of its employees feel disgruntled. Sometimes sore spots can be ironed out by having plain, homely talks with the parties affected, without, therefore, acceding to their demands.

If I had been present at the meeting tomorrow, I was going to talk to the Code Authority along this line. Mr. Mittenthal, the Code Director, is fully familiar with the situation.

Whether the Code Authority or the industry agrees that these men are entitled to consideration or not, at least they must agree they are entitled to the courtesy of a proper hearing and disposition.

Attached hereto please find letter received from Mr. Mittenthal today, enclosing Plan for Control of Homework to be submitted at the meeting tomorrow for the approval of the Code Authority.

Very truly yours,

O. W. PEARSON
Administration Member
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NATIONAL RECOVERY ADMINISTRATION
45 Broadway, N.Y.C.

December 20, 1934

Mr. Leigh E. Ore
Assistant Deputy Administrator
Commerce Building
Washington, D. C.

RE: Ladies' Handbag Code Authority

Dear Mr. Ore:

I transmit herewith audited report of this Code Authority for the month of October, 1934. As usual, this is put up in very complete form.

There may be some question in the mind of either yourself or Planning and Research as to the size of the cash on deposit and on hand. I just want to remind you that they are approaching the slack period and, in view of that, this amount is not unduly large.

Exhibit C is not quite clear to me. I am seeking further light upon this from the Code Director and when I obtain it, will report to you.

It is interesting to note, I suppose as a result of the strike this summer, the changes which have taken place in location of factories in the 4,212 classified employees working outside of New York, as against 1,864 in New York.

I feel that the conditions in this industry are improving, manufacturers' morale has improved, and that there is a better mental approach to their problems.

I had an interesting session with the Code Directors and representatives of the Traveling Salesmen's Association last Friday. This will be followed by one with officers of the Manufacturers Association today, and I hope, out of it, will come a greater willingness on the part of manufacturers to consider the relationship between themselves and salesmen in a somewhat difficult light than has been the case hitherto. Of this I will report later. With kind regards.

Sincerely yours,

O. W. PEARSON
Administration Member

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NATIONAL RECOVERY ADMINISTRATION
45 Broadway, N.Y.C.

January 4, 1936

Mr. Leigh E. Ore
Deputy Administrator
Textile Division
Commerce Building
Washington, D. C.

RE: Ladies' Handbag Code Authority
Meeting, Thursday, January 3, 1935

Dear Mr. Ore:

The most peaceful and constructive meeting I have ever had with this industry. The Code Authority covered a lot of ground and at all times approached the matters presented for their consideration in a thoughtful manner. The meeting adjourned at 11:00 p. m.

The outstanding matter was the receiving of a deputation from the Imitation Leather Novelties Group, looking toward their coming under the jurisdiction of this Code Authority. This deputation presented five or six points they felt should be considered by the Ladies' Handbag Code Authority. First, was representation; the second, discounts, two per cent as against three; third, cost formula; fourth, wage scale; fifth, method of voting on problems, relating to their groups.

The Code Authority first considered the principle of bringing this group under their jurisdiction. This was unanimously agreed to as being sound.

Representation - Assuming an examination disclosed their volume is somewhere between four and five million dollars it was unanimously agreed the new group should have two representatives on the Code Authority, provided they were additional members to the number provided under the present Code.

Discount - This was unanimously agreed to without argument. In other words, this group should be permitted to continue on a two per cent basis.

Cost Formula - Since there is no cost formula provided under the Ladies' Handbag Code and they are now formulating such a plan, it was felt that it was unnecessary to do anything about this.

Wage Scale - The unanimous opinion of the Code Authority was that the wage scale obtaining under the present Code should be the wage scale for this group.

Voting - It was unanimously agreed that the suggestion made by the deputation, with respect to a two-third vote being required on matters strictly relating to their branch was not practical and that the majority vote, as provided under the new approved By-Laws, be followed.

Formal resolutions were spread on the minutes with respect to each item mentioned above.

It was agreeed that the Code Directors should consitute a committee to iron out any possible differences that might come up so that the matter can be presented for your approval at the public hearing next Wednesday.

Apprentice Requests - These still continue to come up and the Code Authority re-affirmed the position heretofore taken by it, which is one of opposition.

Design Piracy - The plan as presented was unanimously approved.

Cost Formula - Since the committee's report on this subject had only been distributed to the members of the Code Authority two or three hours before the meeting, it was decided to lay it over until the next meeting, on the distinct understanding that each member would carefully study the report so that the discussion at the later meeting would be to the point and constructive.

Salesmen- The Code Director, representing the committee of which I was a member, presented his report, but I took exception to a later development of which I had not been fully acquainted. At a meeting I had with the Salesmen's Committee, I promised a deputation of salesmen would be received by manufacturers, at which time they should get a definite yes or no answer. I made this promise feeling it was the politic and proper thing to do and for the best interests both of manufacturers and salesmen, believing that a face-to-face meeting is good and, even if the answer had to be no, the other side will not feel they have been slighted. After my meeting with the salesmen, I held a session with the President of the Association, who was then leaving for California. He agreed with my opinion in the matter and left the appointment of the committee of manufacturers in the hands of Mr. Mittenthal. Mr. Mittenthal consulted with these manufacturers and they evidently did not feel it was necessary to sit down with these salesmen and asked Mr. Mittenthal to convey to the salesmen their refusal of the demands made. It was to this I took exception. After all, salesmen are an important part of any manufacturer's business and it is so foolish to build resentment and antagonisms. I think the Code Authority in the main agreed with my strictures upon this action, or rather lack of action, and feel that within the next week or so there will be some sort of a get-together even if it does result in denial.

New Members on the Code Authority - It was understood and agreed to at the public hearings that I should name three extra men to this body. This has never been done and I believe should be settled. I will discuss this with you next week.

I understand the state of the industry has improved to a considerable degree. There are still rumblings of labor troubles, but the season was one of the best had for several years past. The price floor lifted, slightly at least, and the indications for the approaching season are all good. As is usual, the Code Directors are on their toes, always striving to do more than their part helping the industry. I think more than any code directors I know of, they pay more attention to what is happening in the retail stores, both in their advertising and in the conduct of the ladies' handbag departments. They are more alive to some of the follies committed by manufacturers and by retail merchants and are quick to express appreciation of what manufacturer or retailer may be doing that is helpful or constructive - all of which tends toward strengthening of good feeling, understanding and appreciation of the Code Authority's work. I am told the big manufacturers, who bitterly fought the change in the discount structure, because of their fear of friction between themselves and important retail merchants, now find the new discount is acceptable and ceased grumbling - all of which spells considerable sums of money in the coffers of the manufacturers.

I shall be delighted to see you in Washington next week. I expect to arrive Monday morning. With kindest regards.

Sincerely yours,

/s/ O. W. PEARSON

O. W. PEARSON
Administration Member

45 Broadway, N.Y.C.

January 17, 1935

Mr. Leigh H. Ore
Assistant Deputy Administrator
Apparel Section
Commerce Building
Washington, D. C.

RE: Additional Member to the Ladies' Handbag Code Authority

Dear Mr. Ore:

There is included in the order approving this Code the following:

> "That, in addition to other members of the Code Authority, there may be appointed by the Administrator or Elected by such method as he may prescribe, in his discretion, not more than three additional members with voting privilege to be chosen from members of the industry who are not, in the opinion of the Administrator, adequately represented on the Code Authority."

At the time the Code Authority was originally set up, there were three major trade associations in existence, which between them represented the larger portion of the industry located in the East. There is also one association located in Chicago and had a skeleton organization on the Pacific Coast. Since that time, the condition has changed and two of the three major associations, headquartering in New York City, have been merged, and the third disbanded. While then it was advisable to base the set-up of the Code Authority upon associations, I believe it is unwise to now consider from that viewpoint, and the industry is agreed to this.

At the hearings held last summer, it was insisted by the Administration that the three additional members called for in the order of approval should be placed upon the Code Authority. After more or less acrimonious argument, the industry unanimously agreed that the appointment of these three extra men should be left in the hands of the Administration Member. It is to be noted that in all the discussions they laid emphasis upon their desire that the Administration Member, myself, make these appointments. I tried without effect to sidetrack this responsibility, but since those days conditions have been markedly changed and I, therefore, present the following names for your approval:

Morris White
Stylecraft Leather Goods Co.,
501 Seventh Ave., N. Y. C.

J. Michel
Michel, Maksik & Feldman, Inc.
159 Madison Ave., N. Y. C.

A. Greenebaum
Chic Bag Co., Inc.
6 East 32nd St., N. Y. C.

Mr. White is generally called the Father of this industry. He is the most colorful man in it. He has been somewhat of a problem to the industry because, while in his early days he was a great builder, having lost his fortune, he seems to have changed his viewpoint and for a while it looked as though he were going to be the great destroyer. However, he has vision and imagination. He can look at the problems from an industry viewpoint and since he has great power for evil, I believe if we bring him into the fold we can make him a power for good. I, therefore, urge approval of his name.

J. Michel has, since the inception of the Code Authority, been acting as alternate. In his time he has been the great outstanding salesman of the industry. Today he heads his own business and while he is of the excitable type, still I have to credit him with a grasp of affairs, and he definitely shows a desire to approach problems from the industry's viewpoint. I, therefore, recommend his name for approval.

A. Greenbaum - I suppose there is no one in this industry who knows and understands as well as does Mr. Greenbaum the labor problems involved in the industry. He has upon a few occasions appeared at Code Authority meetings as an alternate and I am very certain he would be a great addition to this group. I, therefore, ask for your approval of his appointment.

The appointment of these three men would fill the Code Authority and for these no amendment is necessary. This does not, however, take care of the two additional men required by the Ten-Cent to Fifteen-Cent Group. To provide for these two they desire that there be an amendment to the Code, which will be presented to you this coming week.

You may ask why I do not recommend that these two last should be included in the three additional members already provided for under the order, and thus obviate the necessity of an amendment. My reason for not recommending such a procedure are as follows.

It will, in my judgment, be for the best interests of all concerned to have a Code Authority set-up based upon the broad price ranges, because their problems, at least in so far as distribution is concerned, are somewhat different. I attach herewith the complete detailed set-up that we will have if your approval is given to these three recommended names and to the matter of an amendment to take care of the additional group. As you look at it, you will see that every price range is adequately taken care of and that geographical areas are properly represented.

Very truly yours,

O. W. PEARSON
Administration Member

HB
EHC

NATIONAL RECOVERY ADMINISTRATION

45 Broadway N. Y. C.

January 31, 1935

Mr. Leigh E. Ore
Assistant Deputy Administrator
Apparel Section
Commerce Building
Washington, D. C.

RE: Ladies' Handbag Code Authority

Dear Mr. Ore:

Sometime ago I took occasion to point out to the members of this Code Authority that if they could not attend meetings of the Code Authority, they ought to resign and permit someone else to take their place, that the business of the Code Authority was important, and that it was necessary that all should be present, at least in so far as was generally possible.

In looking over the records of attendance recently, I note that these men, to whom I once before wrote on this matter, are still very neglectful of meetings. All of these men are good men. They have something to offer whenever they are present, and I think we should be concerned when they are absent as much as they are. The following is the record:

Name	Total Meetings	Present	Absent
George Meyers	26	14	12
R. Koret	26	9	17
Wm. Kadin	26	15	11

I am wondering if a little reminder from you might not be advisable.

Very truly yours,

/s/ O. W. PEARSON

O. W. PEARSON
Administration Member

HB

9811

NATIONAL RECOVERY ADMINISTRATION
45 Broadway, N. Y. C.

IN RE: LADIES' HANDBAG CODE AUTHORITY
MEETING FEBRUARY 19TH, 1935

February
twentieth
1933

Col. Walter Mangum
Deputy Administrator
Textiles Division,
National Recovery Administration
Washington, D. C.

Dear Colonel Mangum:-

For once this Code Authority started on time with its meeting instead of the usual sixty minutes late. I wonder why it is that in one meeting out of every four, this group has to be a tumultous one? I thought last night, for a minute or two, that I was going to lose my reason but towards the latter part of the evening - I suppose because they were tired out, rather than my influence - they did quiet down.

The Labor member representative appointed to this Code Authority seems to be an able citizen and desirous of understanding all problems that come before the Code Authority. He does not narrow down his interest to those matters strictly relating to labor but injects himself into every discussion relating to trade practices and other strictly industrial matters. Personally, I welcome this attitude because I believe many of these men have brains and know how to use them and oft times have a better viewpoint of industry's problems than does the industry itself. However, in this particular situation, it verges on being unfortunate, because of the resentment on the part of industry towards Labor and particularly towards this individual labor representative because of their feeling that the Union has gone Communist and that he therefore represents Communism. However, time may cure this situation.

The outstanding subject brought up was the hearing scheduled for February 28th and there was a very evident desire on the part of the Code Authority to have it postponed. Mr. Mittenthal pointed out that this might work harm towards the new group about to be absorbed by this industry.

After listening to an extremely lengthy discussion of the whole subject, I made the statement that nothing had been said that would lead me to support the adjournment plea made to you; that it was my belief the hearing should take place, because sooner or later they had to face the settle-

ment of the long drawn out question of semi-skilled hours and wages and it might just as well be faced now as a month later.

They then proceeded with their plans for the hearing, going on the assumption that the hearing date would not be postponed and I think industry will be well represented at that time. Of one thing I am very certain. Labor will be well represented and a strong fight will be made by that part of the industry.

In reading the minutes of the preceding meeting, I was reminded that at that meeting, labor requested extra representation and presented a motion asking the Code Authority to recommend such to the Administration. Finding no seconder, the matter was dropped. Labor bases its claim for this upon the fact that it is their belief that the inclusion of the new group, with its somewhat different labor problem than hand bags, makes it difficult for labor, as at present represented, to do an adequate job.

My feeling is that there is no need for a second labor representative on this Code Authority. In some instances, notably Millinery, I am delighted that there are two labor representatives and in the main it works extremely well and much of value comes from those two men. Because of the disrupted labor situation in hand bags and the growth of the Communist element, I do not believe it wise to stir up the troubled waters at this time, by the appointment of a second labor representative.

Some time ago, I sent forward a recommendation with respect to the appointment of new men upon this body. The letter was sent to either Colonel Berry or Leigh Ore and acknowledgment was made. At about the same time By-Laws were approved and upon the insistence of the Legal Division the use of alternates, which had been customary, was discontinued. The lack of approval of these new names is slowing up the work of this body, because one cannot be certain of a quorum at a meeting on account of the small number of men qualified to sit. I wonder if it would not be possible to hasten the approval of the names submitted. I urge that this be done. I realize that these men will only hold office for a short time, since within [illegible] sixty days a new Code Authority will have to be submitted to you for approval.

The meeting adjourned about 11:15 p.m.

Very truly yours,

/s/ O. W. PEARSON

O. W. PEARSON
ADMINISTRATION MEMBER

OWP/CB

National Recovery Administration
45 Broadway, N. Y. C.

March 8, 1935

Colonel Walter Mangum
Deputy Administrator
National Recovery Administration
Washington, D. C.

In re: Ladies Handbag Code Authority Meeting
Thursday night, March 7, 1935

My dear Colonel Mangum:

Three outstanding items came up for discussion at last night's Code Authority meeting.

The first is the constantly recurring question on the part of the Code Authority with respect to the stay granted sometime ago to the Virginia Art Company. I don't know whether you are familiar with the situation. Briefly, it is that this company, through the good offices of Senator Glass obtained a stay on the provisions of this Code without any knowledge on the part of the Code Authority. They have always objected to this situation, and constantly point out the serious harm that is being done to the Industry by the Virginia Art Company being permitted to carry on what they consider a ruinous wage and hour schedule.

Again the Code Authority voices its solemn protest against this situation. The Code Directors informed the Code Authority that Colonel Berry had refused to re-open the matter, and therefore, there was nothing they could do about it. I think myself, the matter was not handled in its early stages strictly according to Hoyle. I believe this early action was taken by Mr. Barr when he was the Assistant Deputy in charge. However, I am not certain about that.

I wonder if there is anything that can be done to straighten out the matter, because it is subversive of good order and discipline.

The second most important matter was that of the budget. The Code Authority accepted the report and recommendation of the Budget Committee, and within the next few days, I expect to send forward with my approval the new budget proposal. At that time, I will take occasion to comment on some of the particular items included.

In the meanwhile, I do want to specifically draw your attention to this. The old budget was set up on the basis of roughly $135,000.00. A certified auditor's report shows that in the nine months life of the budget, they expended a trifle under $73,000.00, and as a result they have today a cash balance of approximately $42,000.00. The care exercised by the Finance Committee and the Code Directors, and particularly the Code Directors, is a pretty good answer to one of the statements made in the Senate during this past week as to Code Authorities being a "racket".

It was unanimously agreed last night that at the close of the fiscal year, March 25, 1935, $30,000.00 be returned to the Industry, pro-rated according to each unit's payment to the Code Authority. This I feel is an excellent move, and of course, will make a good impression upon the members of the Industry.

The third matter of moment, although not so important in itself was the time and place for the next Code Authority meeting. This will be the annual meeting, and while there was some division of opinion based on the fact that members of the Industry might misconstrue the move, it was felt that the meeting should take place in Atlantic City. I told the Code Authority that there will be no objection to their having it in Atlantic City, provided, of course, that there will be no undue expense incurred. I believe, however, that unless something was to be gained along the line of their being able to quietly sit down and consider depressing problems, there was not much point in going to Atlantic City, and that if the expense that would be involved were not so great, a better place would be Chicago, since it would have a good effect upon the Bag Industry operating in that center.

In this general connection, I am concerned about the set-up of the Code Authority. This present Code Authority's term of office expires at the end of this month. Under the Code, certain associations were recognized. Since the Code was written, those associations have retired from the field agreeing in so far as possible to consolidate their membership, in what is to be known as the Ladies' Handbag Institute. Since that Institute is not yet properly organized, it is my belief that it would be wise to continue the present Code Authority in office, until the expiration date of the Act. Before that time arrives, the Institute will be properly organized and we then can see whether it should be recognized as the proper agency to determine the membership of the new Code Authority.

The Industry at this moment is in a sense at the cross-roads, and it is for politic reasons that I counsel you, if it be possible to continue the present Code Authority for the period named above.

Sometime ago, I wrote asking you to push forward the approval of the additional membership. We are still constantly faced with difficulty in obtaining a quorum for the various meetings. I wonder what is delaying this. I should like very much to see this approval come through together with your following suggestion above, with respect to continuing the present Code Authority.

Changes made by you and approved by the Code Directors with respect to two or three of the amendments proposed were formally approved by the Code Authority.

Very truly yours,

/s/ O. W. PEARSON

O. W. PEARSON
Administration Member

OWP:LB

NATIONAL RECOVERY ADMINISTRATION
45 Broadway, N. Y. C.

April 5, 1935

Colonel Walter Mangum
Deputy Administrator
NRA Textile Division
Department of Commerce Building
Washington, D.C.

Subject: Ladies' Handbag Code Authority Meeting held April 4, at Waldorf-Astoria, New York, N.Y.

Dear Colonel Mangum:

Starting out to be more of a social evening and celebration of the first annual meeting of the Code Authority the meeting really developed into a lengthy, somewhat troublesome affair.

Before touching upon the troublesome problem presented let me first clear away the routine matters.

There was presented an annual report of the Chairman, Secretary, and Treasurer. These reports are informative and I suggested that they be properly edited, put into good shape and whatever charts may be necessary, and proposed that all of the material be published, circulated to each and every member of the industry as well as the Administration in Washington.

The Virginia Art matter was brought up again and the Code Authority acceded to your wishes as conveyed to them by Mr. Mittenthal and there it was allowed to rest.

Labor was rather articulate and while agreeing that the Code and the Code Authority have been of material help this past year, they have fallen far short of their possibilities. Labor representatives seemed to feel that it was the province of the Code Authority to help labor organize the industry. I took occasion to point out the necessity of an exercise of patience in these matters and it was not the province of the Code Authority officials to play a part in the unionization of factories and shops.

The troublesome matter referred to above is that of the action of Morris White who prior to his failure for $19,000,000 some three years ago was known as the great builder. After his failure he succeeded in obtaining a large sum of money from the RFC with which to start over again.

Apparently as a matter of expediency he has developed into being the great destroyer. For a long time he took the position that he was above the law and he undoubtedly violated the Code in every respect possible- in fact, taking a keen delight in showing all and sundry that he was above the law; that he was a little better than anybody else because of his ability to get the inside track on Government funds. During the last several weeks he has been building a tremendous stock of handbags made of leather which I suppose normally would sell at better than a $2.00 average and is now in the process of dumping them on the market so that they can

be resold at somewhere around 80¢. In any event at less than $1.00. Since we are at the beginning of a new season you will appreciate how destructive this is, not alone from a manufacturers point of view but also from the retailers' since it of necessity depreciates the value of all stocks on hand. The people particularly hit are the $1.00 bag manufacturers, whose products are largely made of artificial leathers.

It does seem too bad that the manufacturer can on the one hand borrow operating money from our good Uncle Samuel and on the other hand flout the law through practices that are wholly destructive. Of course, the industry is particularly concerned because of its possible effect upon the white season fast approaching. Due to the lateness of Easter it will only be a week or two after that date before the bag industry will be into the new white season and with such tactics there is apt to be a considerable mortality on the part of bag manufacturers, for obviously they cannot compete.

In a round table discussion this morning with Mr. McCarthy of the Consumers Advisory Board now stationed in New York, the thought was advanced that possibly through the NRA Liason Officer the matter might be brought to the attention of the Federal Trade Commission or the RFC and some steps might be taken to put a stop to this demoralizing condition. It certainly would be a great feather in your cap if some quick action could be obtained.

The Ladies' Handbag meeting adjourned at midnight.

Yours very truly,

/s/ O. W. PEARSON

O. W. PEARSON
Administration Member

P. S. I understand the industry is tendering a banquet to Messrs. Mittenthal and Berkowitz on April 30 and they are hoping that both Mr. Vincent and yourself will honor them by your presence that night. Invitations will go forward to you very shortly. I know it is a tax upon you two gentlemen to ask your presence but I honestly believe it to be a politic and wise thing to do. After all these men have made a great struggle this past year to pull themselves up by their boot straps and they would have a very high regard and respect for you two gentlemen. I would like to see you lend them encouragement in the manner I suggest.

O. W. P.

P.S. I think I shall have to be in Washington next Thursday at which time I hope to have an opportunity of seeing you.

O. W. P.

OWP:MKF

9811

NATIONAL RECOVERY ADMINISTRATION
45 Broadway, N.Y.C.

July 10, 1935

MEMORANDUM

LADIES' HANDBAG INDUSTRY

INDUSTRY

The Ladies' Handbag Industry as an American industry dates back about 50 years. During the first 20 years there was scarcely more than 6 manufacturers at a time making handbags and all of these made in addition a full line of leather goods. In those early days the industry as known today, was scarcely a separate industry.

At the present time there are engaged 379 manufacturing units with 146 contractors and approximately 15,000 workers.

The estimated capital investment is about $10,000,000 and its total volume is about $40,000,000.

The year 1927 was probably the big year of the industry, both in volume of sales and profits. At that time it was mainly centered in New York and to a great degree almost wholly a "craft" industry.

As a result of the soft living and thinking of the lush years, 1925 to 1929, troubles with labor began to develop so that first one and then other manufacturers decided the time had come to get away from the big city. This was the beginning of the migration of the industry from New York, and led to the general exodus in 1935. Today at least 75% of the industry is scattered through the New England States, New Jersey, Pennsylvania, with two or three factories in the South and some in the Middle West. Prior to the scattering of the factories and leading up to it, a general strike was called in the late summer and early fall of 1934. This strike was abortive.

It was because of this first migration that so much trouble and bitterness ensued in the early days of the NRA. Hatred almost grew up between the out-of-town manufacturers and the New York group.

TRADE ORGANIZATIONS

Before those first NRA days there had been two major trade organizations in existence, the older one being the usual trade organization type, general in its scope and, of course, ineffective. The other, a smaller organization concerning itself with labor questions and agreements. During the days of code writing, a third powerful organization was set up, the members of which consisted of out-of-town manufacturers. It was evident during that time, and at the presentation of a code to the Administration and during the subsequent hearings and conferences that the New York group, still being in the ascendancy, was bound to accomplish the elimination of the out-of-town manufacturer or at least place him in a position where he could not longer capitalize cheap labor and long hours. The winning of the fight by New York resulted in a sharp division so that when the Code Authority was finally set up, it was an armed camp.

CODE AUTHORITY MANAGEMENT

In the first days, after I inaugurated the Code Authority, it became seemingly impossible to bring about peace and fortunate it was that the industry had selected men to head up the Code Authority work in the persons of Messrs. Abraham Mittenthal and Max Berkowitz, assisted by Maurice Mossessohn. I say it was fortunate that these men were selected because they had been connected with the industry for many years, had vision, level heads, integrity and patience and thus were able to carry on successfully. The first two named owned their businesses as manufacturers, one in his business looking after distribution and understanding those problems, and the other a production man, understanding all the twists and turns of factory operation. Mr. Mossessohn had dealt with the industry through the Associations and had obtained therefrom a broad understanding of the personnel of industry, their peculiarities and a knowledge of how best to approach and handle such men.

INDUSTRY PEACE

After the Code Authority had been in operation for two or three months, I made up my mind that if possible I must bring about peace in the industry and one night at a Code Authority meeting arbitrarily adjourned the regular meeting at 10:00 in the evening telling the members that we would reconvene as a meeting of industry, and that I was prepared to sit with them all night and all the next day if necessary, to find a ground upon which all might stand to the end that they would accomplish the good that all agreed could come under the code. That night session lasted until nearly 5:00 in the morning. It was later followed by numerous conferences with various groups and sometime later a further conference took place on the train enroute to a public hearing in Washington. This conference was continued in Washington at the Carlton Hotel, adjourning at 3:00 the next morning and peace agreed to and signed.

Unfortunately, peace was not declared between the industry and labor. Included in the original code was a clause which called for a definition of semi-skilled labor. Realizing the difficulty of determining this point, I personally visited numerous factories in and out of New York to see whether I could reach a conclusion as to where to draw the line as to skilled, and semi-skilled labor. Having found it impossible to reach a conclusion myself, I so informed the then deputy and it was unfortunate that at the public hearing referred to above the Assistant Deputy in charge either did not understand or seemingly found himself unable to appreciate the difficulties of writing a conclusive definition and insisted one must be written. This led to increasing the bitterness as between the manufacturer, labor and the Administration. Notwithstanding this, the Code Directorate kept its head, its feet on the ground and the steering of a fair course, and although a general strike was called lasting some 60 or 90 days, succeeded for the year 1934 in bringing the industry into a better financial condition than it had enjoyed for many years

FINANCE

The financing of the Code Authority was based upon assessments and while this was a label industry, labels were sold at cost. The financial

operations were so well conducted that at the end of their first year the Code Authority was able to declare a dividend and return to the industry 25% of the collected assessments, which assessments were obtained from 98% of the industry.

The first year's assessment basis was 1/3 of 1%. For the second year this was reduced to 1/4 of 1%.

EMPLOYEES ENGAGED

The total number of employees engaged by the Code Authority were 17 and the Directorate were satisfied with a very modest office layout.

COMPLIANCE

This phase of the work is one that will always stand out because of the patience, forbearance and understanding with which it was conducted. Finding complaint as to inability to live up to wage and hour provisions, examination was made of factory practice and it was invariably determined that management was at fault and the right way pointed out to the erring manufacturer so as to make possible without punishing his pocketbook to meet the scales required. In the large majority of cases this was appreciated and followed so that the percentage of compliance was always high. In the few outstanding wilful non-compliance cases the usual rule of obtaining influence was followed and invariably restitution obtained.

STATISTICS

For the first time in the history of the industry, the Code Authority machine began to collect statistical information, all of which material has been filed with the Deputy Administrators. Had the Code Authority continued it cannot be doubted that the industry would have found many answers to problems long sought but heretofore unobtainable. Here again, will be one of the difficulties under their voluntary code set-up for without force of law I question whether industry will divulge important, necessary facts and figures upon which officials can base constructive conclusions.

CODE AUTHORITY PERSONNEL

The original Code Authority personnel never changed. However, since the code provided for three extra members the industry insisted in public hearing that the Administration Member should appoint these men, subject to approval of the Administrator, rather than leaving appointment in the hands of industry. The names of these three men were not submitted until late in 1934 or early in 1935 and not approved until two or three weeks prior to the handing down of the Supreme Court decision so that the three never really functioned.

COMMITTEES

The Labor Complaints Committee was set up but never approved.

The Trade Practice Complaints Committee was approved but never really functioned because, due to the diligent and unusual manner in which the Code Directorate operated through which they persuaded manufacturers of

the error of their ways when violating code provisions, such complaints were adjusted to the satisfaction of all.

CODE PROVISIONS

A great mistake was made in the order approving this code, wherein it was provided the Code Authority should present to the Administrator a definition of the term "semi-skilled" employee. Apart from the impossibility of this determination it lead to constant trouble between labor and employer.

Paragraph 1 of the definitions was not as clear and as comprehensive as it should have been. This, of course, was largely the fault of industry itself.

Wage and hour provisions were, to a large degree, satisfactory except for Section 2, Article IV, which was stayed under the order approving the code.

In so far as trade practice provisions were concerned I think it was useless to include, as was done in this and many other codes, provisions respecting return of goods and commercial bribery. Such are almost impossible of enforcement since they cannot be properly checked.

A well-considered, thoughtful attempt was made with respect to the homework problem. I do not need to enlarge upon the great difficulties surrounding this particular question. However, the intelligence of the Code Directorate was brought to bear in such a manner that definite progress was being made toward the elimination of some of the most glaring evils, underpayment of labor being the most notable. My own opinion is that this subject can best be approached through the agency of various women's organizations of the country, looking toward the time when they will insist that all sources of supply mark goods to show their origin and check such to determine mill conditions. Of course, to carry this to a successful conclusion you would need an act of Congress or of the various state legislatures providing for the labelling of all merchandise. I don't mean that such labels would of necessity carry trade names, but have identification marks that would make easy the disclosures of the point of origin. Marking is at present required upon all imported goods and I see no reason why it should not be upon articles of domestic manufacture.

LABOR

During the last two months of 1934 and the first three or four months of 1935 a change began to take place in the complexion of the labor union operating in this industry. Apparently, trouble had been brewing in the union for a considerable period of time and since the general strike was pretty much of a stalemate, if not a total loss, the internal fight came out into the open resulting in a complete over-throw of the old union management. I was informed that the communists had definitely got into the saddle and this made the situation as between labor and industry more difficult than ever.

As a result more manufacturers left New York and a number of such were hailed into the courts and before the Regional Labor Board for

violation of 7A. In practically all of these cases the manufacturers were found guilty but nothing happened as there seemed no power to enforce decisions handed down.

EFFECT OF CODE

An interesting sidelight on the mental condition of the industry late in 1934 is best illustrated by relating an incident that happened just prior to Christmas of 1934. Two manufacturers who had never been real supporters of the code, happening to be in Washington and finding out that I was also there called me on the telephone to ask if they might see me for a few minutes that evening. This I agreed to and was told by these men that they wished to apologize for any sins of omission or commission respecting the code on their part, that they were about closing their books for the year and were delighted to be able to say that in their opinion the code had served them to such good purpose they were going out of the year in black ink and felt further that many other members of industry were of the same opinion as themselves.

Having reached the point where at least 95% of the industry were thoroughly sold on the value of their code and its administration, the industry was literally stunned when the Supreme Court decision was handed down in the Schechter case and today are moving heaven and earth to get the industry to voluntarily agree to a code of their own, a copy of which I attach and which is on file with the Federal Trade Commission.

I am told that 85% of the industry have already assented in writing to this document and for the rest the old Directorate, still maintaining an office on a very modest scale, are beginning to exercise pressure to bring about conformance through local banks, clergy and chambers of commerce or boards of trade in various localities in which such manufacturers are situated but I recognize the great difficulty of enforcement even with a 100% assent without the support of some governmental agency. In passing I may say that any steps taken subsequent to the Supreme Court decision have been closely scrutinized and in so far as possible opinions sought from the Federal Trade Commission as to legality.

Respectfully submitted,

/s/ O. W. PEARSON

O. W. PEARSON
Administration Member

OWP MKF

9811

E X H I B I T O

Price on Home Work (4 Parts)

EXHIBIT "O"
Part 1

PLAN FOR CONTROL OF HOMEWORK

AND

ABOLITION OF CHILD LABOR

FOR THE

BEAD BAG INDUSTRY

****

REGISTRATION BY MANUFACTURERS

Every manufacturer or contractor employing homeworkers on hand-beading or crochet-beading must register immediately with the Code Authority the name and address of such workers who have been in their employ during the last year to whom work is given out to be made in the home. No homework can be given out to any homeworker unless such homeworker is registered with the Code Authority.

***

REGISTRATION BY HOMEWORKERS

Each homeworker must register with the Code Authority the name and address of the manufacturer or contractor for whom he or she is doing homework, immediately upon being given such homework.

***

SUBMISSION OF DESIGN

Each manufacturer, before giving out a bag to be made to a homeworker, must first submit to the Code Authority a sketch of the bag, showing the design and a full description of the quantity and kinds of beads to be used. Also a rub off of the bag in triplicate, also an estimate of the time required by the homeworker to do the crochet beading on the bag as submitted. Whenever necessary, the Code Directors may also require that a finished sample of the crochet beading accompany the sketch.

Upon submission of the design, the Code Authority will determine the piece work price to be paid the homeworker, and a registration number will be assigned to such design. A manufacturer or contractor agrees to pay such homeworker the price so determined by the Code Authority. A manufacturer shall have the right to protest any price set by the Code Authority, which in his opinion, appears to be unfair. In case of protest so filed, the Code Directors will test the time required to make a finished bag by a homeworker of average speed and ability. The manufacturer agrees to accept the result as final of any test so made.

RECORD FORMS

Each manufacturer shall keep a record of every job given out to the homeworker. These records shall be in triplicate form, approved by the Code Authority. One copy to be retained by the manufacturer, one given to the homeworker, and a copy sent to the Code Authority. This record must contain the name and address of the homeworker, the style number of the bag, the quantity and the price and the registration number of the bag.

Each manufacturer shall keep records of all payments made to homeworkers according to the uniform methods prescribed by the Code Authority.

***

CHILD LABOR

Each record of work given to a homeworker must have stamped upon it in red ink immediately above the point at which the homeworker is required to sign for the work, the following words: "I agree not to permit any child under sixteen years of age to perform any work on these goods."

***

CONTRACTORS

Each manufacturer as far as is practicable should not employ contractors on crochet beading. If, however, such contractors are employed, the price fixed by the Code Authority for such homework is the price that must be paid to the homeworker by the contractor, and no contractor shall withhold any part of the price fixed for such homework.

***

COMPLIANCE

The Code Directors, in order to maintain the minimum wage for homeworkers and to prevent the employment of child labor in the industry, will enforce strict compliance by manufacturers and homeworkers with the code for the industry.

***

HOMEWORKER'S AGREEMENT

Agreement between _____ homeworker, and the Code Authority Ladies' Handbag Industry.

I agree to perform work on crochet beading on handbags in my home in accordance with the rules and regulations established by the Code Authority for the Ladies' Handbag Industry.

(1) I agree that no child under sixteen years of age shall at any time perform any work on such goods as are given to me to be made in my home.

(2) I agree to register immediately with the Code Authority the name of the manufacturer or contractor who gives me work to be made in my home.

(3) I agree not to give back to any person or persons any portion of the price paid to me for such homework.

(4) I agree to work not more than forty (40) hours in any one week, and not more than eight (8) hours in any one day.

(5) I agree not to accept any hand crochet beading to be made at home, unless the price paid me for such work is the price fixed by the Code Authority.

(6) I agree not to accept any homework from any manufacturer or contractor unless such manufacturer or contractor has signed a compliance with the Code Authority of the Ladies' Handbag Industry.

(7) I agree that I will not accept any homework, should there be any contagious disease in my home

(8) I agree to permit an inspection of my home at any time by an investigator for the Code Authority for the Ladies' Handbag Industry for the purpose of determining my compliance with this agreement.

(9) The following are the persons in my home who are qualified to do work on crochet beading:

NAME	RELATIONSHIP	AGE	WHERE BORN	DATE OF LAST BIRTHDAY

_____
Signature

_____
Address in full

_____
Telephone Number

EXHIBIT O
Part 2.

December 19, 1934

Mr. Leigh E. Ore
Assistant Deputy Administrator
Commerce Building
Washington, D. C.

Dear Mr. Ore:

We are in receipt of a copy of the memorandum submitted by Mr. Rosenzweig covering our plan for the control of homework. We have noted carefully Mr. Rosenzweig's objections to the plan, and his request for further information on some of the points covered in the plan.

Hand-beading and crochet-beading are the only homework operations permitted by our code. There are about 3000 homeworkers who perform this particular work. Of this number, our industry employs about 2400 workers. These workers are scattered throughout six states and about 200 communities. Hand-beading and crochet-beading are skilled operations, and can only be performed after more than a year practice, most of the good workers are those who learned to do this work in their native countries and who never did this work other than in their own homes.

At the hearing of the Pleating, Stitching and Bonnaz and Hand Embroidery Code Authority held in Washington on November 20, members of that industry gave evidence that continuous advertising for hand and crochet beaders to work in the factory resulted in only a few workers applying. To be exact, the number was stated as sixteen. This has been the same experience of members of our industry who also advertised for crochet beaders to work in the factory. Very few such workers applied, the reason being that the workers are so widely scattered, that no factory whereever established would be convenient to any considerable number of workers.

The average time for the crochet beading of a bag takes from one to two hours for one bag, so that an average worker on crochet beaded bags produces in an eight hour day about four to six bags a day. The production required for an average manufacturer is at least sixty dozen a day and in the season about 120 dozen a day, so that a manufacturer would have to employ 120 workers on crochet beading alone to produce 720 bags a day, and in the season 240 workers to produce 1440 bags. Besides, he must employ other workers who do cutting, operating and finishing on the bags. There is not a manufacturer of beaded bags who can establish a factory in any locality in the United States and obtain 240 experienced crochet bead workers on handbags who are living within any convenient distance, willing to perform the work in the factory. The production of crochet beaded bags is so slow that overhead costs would be prohibitive if the work was performed in the factory capable of housing a

sufficient number of workers to produce the average required production of a single manufacturer. The unproductive period in the industry is about four months in the year.

Most of the beaded bags are imported by retail distributors who sell direct to the consumer, so that the American manufacturer is not even protected by a jobber's profit. The beaded bag industry in America has not developed to any large extent, because their existence depends almost entirely in producing types of bags that are not competitive with foreign made styles, and just as soon as an American produced style has proven a good seller, it is sent abroad to be copied and then sold in the United States for less than the American made bag. Considering the unusual conditions existing in this industry, it is apparent that if homework in the industry cannot be maintained, it would mean the complete abandonment of the beaded bag industry in the United States.

The plan as submitted may not answer every requirement of the NRA Homework Committee, but at least it is an attempt to keep the industry existent and to give to these 3000 or more workers a living in accordance with the code requirements.

Answering Mr. Rosenzweig's objections specifically: An investigation was made of homework in the industry in accordance with Section 10, Article V of the Ladies' Handbag Code. This investigation was made jointly by the Code Directors and the Committee appointed by the Code Authority. The result of this investigation is contained in a brief, a copy of which was submitted to the Administration sometime ago. The investigation included the testimony of manufacturers, contractors and homeworkers. Open hearings were held, which were attended by the Administration Member and all other factors in the industry; and also private hearings with homeworkers and contractors who gave oral and written evidence. The Code Authority approved the report of the committee and approved the plan which was proposed by the Code Directors to control homework and abolish child labor in the homes. The original plan included the granting of a special homework rate on hand-beading and crochet-beading, in consideration for the promise of the beaded-bag manufacturers to establish and maintain an agent or agency under the direction of the Code Authority to fix piece work prices so the homeworker could earn the minimum wage rate of the code. This plan was presented at a hearing held in Washington on July 9, 1934, at which Assistant Deputy Administrator Barr presided, but which was never approved by the Administration. Pending the approval of the plan, compliance with the code wage rates for homework was difficult to obtain and the Code Directors did bring cases of non-compliance to the NRA Regional Board, but no satisfactory decisions were ever obtained.

The present plan does not rely upon any voluntary cooperation by the manufacturers. Realizing that the homeworker was entirely without the protection of the code because they were employed chiefly by contractors, the Code Directors began an investigation of the contractor, homeworker relations. They found in this the chief evil in the homework problem. It was customary for such contractors to

retain from 25% to 40% of the price paid by the manufacturer for homework. If homework is abolished these contractors will become the real manufacturers and scattered as they are, it would be absolutely impossible to even locate their workers, much less to get compliance.

The proposed plan aims to eliminate these contractors, and if we can do so legally, we feel the success of the plan would be enhanced considerably. We are striving to make the manufacturer deal directly with the homeworker, and through registration by both manufacturer and the homeworkers, we can put into effect our plan to establish the minimum wages rates of our code for the homeworkers.

As a practical problem, the abolition of homework in this industry would immediately create a system of bootlegging in homework, accompanied by all the vicious and racketeering methods common to prohibition. The Homeworkers would buy their own beads and complete the bags, and sell at prices that no manufacturer could meet.

Answering the specific objection raised by Mr. Rosenzweig: The piece work prices will be fixed on the following bases---the number and kind of beads that go into a bag are determinable. The basic price will be fixed according to the number of beads and the kind of beads. The price is calculated according to the number of strings of beads. Only in case of unusual design, a test of time required to finish such a design will be made. The Code Authority will employ such workers or workers on their premises to actually make the sample for the purpose of testing the time required. The Code Director will then fix the price for that particular design. The Code Director happens to be thoroughly experienced in the making of beaded bags. No manufacturer will have an opportunity of having his own workers do the testing.

We accept the suggestion made by Mr. Rosenzweig that the homeworker as well as the manufacturer shall have the right to protest any price set by the Code Authority. In case of such protest, the Code Directors will cause to be made an actual test of the time required to make the article in question.

In the matter of child labor, the record in the Administration will show that in another branch of our industry (braiding of leather bags) the Code Directors were convinced that child labor was being employed, and without hesitation requested and obtained and administrative order abolishing homework in that branch of the industry. If the Code Directors found that child labor is being employed in the making of beaded bags, they would just as quickly abolish homework in this branch of the industry as they did in the other branch.

The matter of contractors gives us the most concern in this plan, mainly because of the legal status of the contractors. If the Code Directors are informed that they have the right to abolish contractors in the beaded branch of the industry, the problem of control of the whole plan would be much more simple. In the plan we only said: "as far as practicable" contractors should not be employed. The Code Directors would welcome a legal opinion covering this matter of contractor relations with manufacturer and homeworker.

Under our plan, the contractor is required to register with the Code Authority the name of each homeworker employed by him. The contractor is also required to sign the homework agreement the same as the manufacturer. To meet the objection of Mr. Rosenzweig, we are willing to insert an additional clause in the agreement which will make the manufacturers directly responsible for what the contractor pays the homeworker. This clause will read as follows:

> "Any manufacturer in the industry employing a contractor or contractors for work to be performed on hand-beading or crochet-beading shall be responsible for the difference between the price paid by the contractor to such homeworker and the price that the homeworker is entitled to receive, according to the Code Authority's price fixed for such homework."

We also accept the suggestion of Mr. Rosenzweig to change the requirements for keeping "record forms" so that it will also include the contractor. The clause will be changed to read:

> "Each manufacturer or <u>contractor</u> shall keep a record of every job given out to the homeworker, etc."

In the matter of compliance, we realize that close supervision of the homeworker would be difficult and costly. We expect, however, to exercise close supervision over the manufacturer and his contractor and to obtain their strict adherence to the plan. We have only 14 manufacturers in the industry, all located in New York. The record forms are being prepared by the Code Authority and will be made uniform for the manufacturer and the contractor. The Code Authority will make frequent tests of homeworkers compliance through visits by our inspectors in the homes of the workers.

We did not provide for a manufactuer's or contractor's agreement as well as a homeworkers, as we felt that the manufacturer and the contractor were both members of the industry and contractor were both members of the industry and could be held for a violation if they failed to comply with any provision of the plan. If it is the opinion of Mr. Rosenzweig that separate agreements should be signed by the manufacturers and contractors, we shall have them do so.

We agree that the paragraph in the homeworkers agreement pertaining to 40 hours of work cannot be made effective. We have only hoped that by inserting this provision the homeworker would feel restrained to limit her hours of work. Knowing that she had signed such an agreement, might have the desired effect. The fact is the individual homeworker, who is most frequently the housewife, rarely gets an opportunity to devote more than 8 hours in a day to her homework.

We have attempted to answer the objections raised by Mr. Rosenzweig in his memorandum against our plan for the control of homework and the abolition of child labor. Frankly, we say that the plan is an experiment. However, it is in the hands of the Code Directors who are experienced in the industry and know the difficulties that must be

surmounted to make the plan workable. We feel that every opportunity should be accorded the Code Authority through the Code Directors to give this plan a trial, with the assurance that if after a reasonable time the plan is found to be unworkable, the Code Directos will so notify you and shall then be prepared to accept any decision of the homework committee for the total abolition of homework in the industry.

Very truly yours,

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY

AM:AS

A. Mittenthal
Code Director

EXHIBIT O
Part 3

HOMEWORK

Memo Prepared By A Manufacturer For
June Hearing

The position of the beaded bag industry in America is one that requires special consideration because its competition is not with other American made products, but almost entirely with a product that is made in foreign countries, without anadequate tariff to protect the American made product.

The system of making beaded bags in Japan, Belgium, Czechoslovakia and France, where most beaded bags are made, is too well known to the industry to explain in detail. They are made entirely in the homes and the workers earn three to five cents an hour. A tariff of 60% only adds two to three cents an hour making the total five to eight cents an hour, plus another 15% to 30% for freight and other overhead charges.

It is obvious that the beaded bag industry cannot exist under the present wage rate established by the Code and will soon become extinct as an American Industry. At present, the work is given out to home workers, the industry employs about 7000 such workers, in a few hundred cities and villages, in ten different states. A visit to many of the homes of these workers will bear evidence to what the income from this home work means to these families, frequently it is the only source of income, in many cases it is added to the meager earnings of partially employed members of the family and affords the few luxuries they enjoy. Without this home work, many of these families would be found on the city charity payrolls.

Even before the effective date of the Code, March 26, the prices paid for home work, even though admittedly low, it was regarded as a blessing to these workers, who could not because of family or physical reasons leave the home to work in a factory, even if such a factory could be established in the locality of their homes.

The beaded bag industry has proposed to the Code Authority a plan that will assure to these workers a rate of wage about two and one half times greater than they have been able to earn heretofore. By this plan no manufacturer may take advantage of the absence of bargaining power by an individual home worker. The plan will be supervised by the Code Authority, and enforcement of the wage rate of 25¢ an hour put under the compliance division of the Code Directors. The plan provides that the beaded bag manufacturers shall appoint an impartial person or agency to be designated by the Code Authority, to whom all articles given out to be made by home workers will first be submitted for the fixing of a piece work price that will result in a wage not less than 25¢ per hour to a home worker of average ability. That failure on the part of a manufacturer

to submit any item to the impartial agency shall be considered non-compliance with the Code.

If you consider that a worker in eight hours is only capable of finishing three beaded bags that retail at $1.95 or $2.95 each, and that the manufacturer must produce at least five gross of these bags in an eight hour day to maintain a volume of sales sufficient to support his selling and administrative overhead, you will realize that to produce 720 units he would have to employ 240 such workers. To house 240 workers requires at least 30,000 square feet of floor space. Even if it were possible to establish a plant in any locality convenient to 240 such workers, the attending overhead would make it impossible for the manufacturer to compete with the imported product and at the same time pay the workers three times as much as is paid for the imported article including the duty.

The Beaded Bag Industry because of the kind and nature of the competition, and for the reason that it is unprotected from this competition, deserved and requires that it be granted a continuance of home work and a preferred rate until such time that the government grant to the industry increased protection through an increase in the tariff on beaded bags.

An application for such relief has been made, in the meantime, these 7000 workers must be provided for by an industry who is trying to do its part to make it possible for American workers to do this work.

EXHIBIT O

Part 4

C O N T E N T S

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Letter of Transmittal

Report of Committee on Homework

Majority Report

Minority Report

Report of firm of Kaplan & Gordon

Report of Meeting of Importers

Report of Contractors

Administration Member Ruling on Labels

Protests against Ruling on Labels

Requests for Official Ruling on Labels

Notice of Stay from Pleating, Stitching & Bonnaz & Hand Embroidery Code

Recommendation of Code Director

May 14, 1934

Dear Member:

I am enclosing herewith a copy of the resolution passed by the manufacturers of beaded bags at a meeting held on May 7. There were fourteen members present, seven voted in favor of the resolution, four against, three not voting.

I am also enclosing a copy of the minority report filed by concerns who are mostly importers of beaded bags and also a copy of an individual report from a manufacturer of the beaded bag industry.

These reports are sent for the purpose of familiarizing you with the particular problems of this division of the industry. Kindly study these reports as it is expected that the resolution will be presented at the next meeting of the Code Authority.

Very truly yours,

Code Director
Ladies' Handbag Industry

The beaded bag manufacturers, a division of the Ladies' Handbag Industry, is now operating under the Code of Fair Competition for the Industry. There are about 25 manufacturers in this beaded bag group employing about 5000 workers who do hand-beading, hand-crocheting or hand-embroidering, and the work incidental to the finishing of a bag.

Of the total number of workers employed in the industry not more than 500 are employed in the factories, the other 4500 are employed in the homes to whom work is given to be made up into bags or parts of bags. This homework being permitted under Section 10 of Article V of the Code. The Code, however, provides that such homeworkers shall be paid at the same rate as factory workers---35¢ per hour.

The beaded bag manufacturers find the greatest competition from foreign made beaded bags, imported chiefly from the countries of Belgium, France and Czechoslovakia. In these countries the workers who do this work also do it in the homes, and are paid on an average of five cents an hour. The duty on these beaded bags in now 60%, to which may be added freight, insurance and other charges amounting to another 10% so that beaded bags in these countries are produced at a rate equivalent to 8½ cents an hour. It is obvious from the very outset that American manufacturers, making the same or similar beaded bags operating under the Code of the Industry and paying at the rate of 35¢ an hour cannot long survive.

After a trial of six weeks, these beaded bag manufacturers are convinced that it is futile to try to meet this competition, and that the industry must be abandoned as far as trying to make such bags in the United States under the present wage provisions of the Ladies' Handbag Industry Code. Retailers and Jobbers in the United States finding that the products of American manufacturers are not comparabel in value to foreign made beaded bags have ceased to buy American made bags and are now importing their own beaded bags directly from the manufacturers in the foreign countries mentioned. These direct importations because of their greater values, have destroyed the American market for the American bead-bag manufacturers.

The workers employed by the beaded bag industry, who number more than 5000, find themselves unable to obtain this work, and at a time when the demand for beaded bags is greater than normal. These workers because of their inability to work away from home depend largely upon such earnings as they can obtain at homework. Their ability to add to the insufficient earnings of other members of their family, did a great deal to make these people independent of public aid. Until the Code for the industry became effective, these workers were being paid at a rate far below the present 35¢ per hour. But the rate of wage was forced upon them through competition with the foreign made goods. To preserve the beaded bag industry in the United States, and to furnish employment to these 5000 workers who depend upon this industry for a large portion of their livelihood, it is urgent that the manufacturers in the industry be granted the relief they ask for in this petition.

1. - RESOLVED that the Tariff Imports Division be and is hereby petitioned to increase the duty on beaded bags, as now defined in the Act from 60% to 80% and that such increase become effective at the earliest possible date.

2. - RESOLVED that pending the action of the Tariff Imports Division in granting the relief asked for, that the Code Authority Ladies' Handbag Industry be and is hereby petitioned to grant a minimum rate of 25¢ an hour to all beaded bag manufacturers for work done in the home of the workers, when such homework is permitted by the Code.

The present minimum rate of 35¢ per hour we are sure is resulting in non-compliance with this provision of the Code, because it is impossible to trace this homework into the homes of a thousand workers scattered in the rural districts of at least ten states.

The bead-bag manufacturers realize that even with a rate of 25¢ per hour they can only hope to compete on some items, while with other items it would still be impossible to meet the foreign values; however, the industry feels certain that compliance with the labor provisions of the Code can be made more effective when the manufacturers of beaded bags realize that they are not threatened with total extinction. Furthermore, the manufacturers in order to obtain strict compliance of the Code, pledge themselves to establish and maintain an impartial person or agency to be designated by the Code Authority to whom all articles given out to be made by homeworkers will be submitted for the fixing of a piece work price that will result in a wage to an average worker of 25¢ per hour. Failure on the part of a manufacturer to submit an item to the impartial person or agency will be considered non-compliance with the Code.

All work given out to be made in the homes of workers will be controlled by the impartial person or agent through rules and regulations to be established by the members of the beaded bag group.

The beaded bag manufacturers request the Code Authority to consider this vital problem for the industry and that it grant the exemption it asks for until such time as relief is given through an increase in the duty of beaded bags.

May 23, 1934

Code Authority Ladies' Handbag Industry:

The undersigned, importers of beaded bags, have carefully studied the contents of the proposed petition to be submitted by you on behalf of the beaded bag manufacturers to the President of the United States, under the provisions of the Nat onal Industrial Recovery Administration, Title I, Section 3e, and find statements contained therein with respect to the conditions of the industry in the United States; the conditions stated as existent abroad; to the conditions surrounding the importation of beaded bags, which are materially erroneous, and the true facts do ot justify an application to the President of the United States or the granting of such application by the President of the United States.

We request that as a member of the Code of Fair Competition, by which this application is presented, that we be advised of all conferences, hearings, or other steps taken with any officials relative thereto.

Respectfully,

Gold Seal Importers, Inc.
(signed) J. J. Newman, Pres.

Max Tannenbaum Co.
(signed) Max Tannenbaum

Harry Roth
(signed) Harry Roth

Marvel Bag Co.
(signed) Adolph Schecter

REPORT RECEIVED FROM KAPLAN & GORDON CORP.

May 11, 1934

Code Authority Ladies' Handbag Industry
303 Fifth Avenue
New York City

Gentlemen:

I wish to call your attention to a resolution passed upon by the members of the beaded bag division which no doubt will be offered for your consideration and approval, and I would like to make the following corrections.

The resolution as it now stands may be interpreted that articles given out to homeworkers prior to submitting such articles to the impartial person or party shall constitute non-compliance of the code. This would constitute a challenge to the honesty and ability of the manufacturers in our beaded bag division and I must, therefore, most urgently protest against such unwarranted slur on our members, however unintentional.

I therefore urge you to include in this resolution a statement that all items shall be submitted to the impartial person or party for approval and may be submitted either before or after the work has been given out to the homeworkers. This statement would permit the impartial person or agency to operate more efficiently for the benefit of the entire industry as otherwise it will without a doubt, at the height of the season, paralyze our industry on account of the impossibility to pass upon all samples which will be submitted for approval, within a short time.

I am certain that no human being, no matter how experienced he may be in our industry, can estimate the time required to manufacture a beaded bag without actually timing the making of it, unless such estimate of time be entirely arbitrary and discriminating in many instances.

At least 4000 hours, I believe, would be required to determine the time necessary to manufacture the articles which would be submitted to the impartial person or agency. These 4000 hours of work will have to be performed within one month, therefore requiring the employment of 25 persons at the rate of a forty hour week.

25 crochet beaders would require a very large space and cannot be had without taking these workers away from their active work. Neither are these 25 crochet beaders available as inside workers as this industry is primarily a homework industry.

I also want to call to your attention that the resolution should include the statement that the impartial person or agency which is to be designated by the Code Authority shall be with the approval of the members of the beaded bag division, as only such person who would receive this approval could efficiently carry out the work required.

Regarding the increase in tariff, I wish to offer for your approval the following suggestion: namely, that we petition the government to increase the duty to the maximum permitted by law only on articles completely finished, and to maintain the present duty on articles unfinished and to lower the duty on loose or strung beads.

This would positively be to the best interest of our entire industry, particularly to the workers, as the increase in duty on finished articles would force the manufacturers to finish the articles in the United States, thereby creating work for handsewers which are easily available and of which there are many unemployed. It would also prevent department stores from purchasing completely finished articles abroad, thereby keeping so many American workers out of work, and would force the importers to establish finishing departments which would engage additional workers.

The maintenance of the present rate of duty on unfinished articles would be a distinct benefit to our industry due to the fact that the amount of crochet beaders available in this country are entirely too few to be able to make the amount of bags required. The industry could employ all the workers available on better priced bags, particularly with the granting of the 25¢ per hour rate for homework and if and when the government should lower the rate on beads and Japanese imitation pearls.

The requested increase in duty as it now appears in the resolution is positively useless and of no benefit to our industry. On the contrary, it would be detrimental. First, the increase in entirely too little to benefit the industry and second, should the increase be much higher on all articles, finished and unfinished, it would ruin the industry on account of the high price of the articles as consumers ultimately would find other items to buy at lower prices.

The suggestions I have offered would benefit the workers, business men, and the consumers, therefore the entire industry.

As a member of the committee on homework, I wish to thank Mr. Mittenthal for the interest he has shown us by drawing up the resolution and I am sure that it was not his intention to include or exclude anything which may be of detriment to our industry.

Again, may I urge you to give very careful consideration to my suggestions. I would be very glad to appear before you to give you additional data, if you so desire. I am certain it would be to the interest of the industry.

Respectfully yours,
(signed) J. Kaplan
Kaplan & Gordon Corp.

Meeting of the Beaded Bag Importers held in the office of the Code Authority, May 15, at 11:00 A. M.

Present:

Mr. S. Steinhart
Mr. H. Roth
Mr. J. Newman
Mr. Tannenbaum
Mr. A. Schenker

The request for this meeting was for the purpose of refuting statements made in the petition passed by the Beaded Bag Manufacturers at their meeting on May 7.

They asked to have the following statements corrected stating that there are not 25 manufacturers of beaded bags, but at the very most 15, the other 10 are importers.

They also state that the 5000 workers should not be more than 1000, claiming that there is a large duplication of the same workers who work for more than one manufacturer.

They also claim that the duty is not always 60%, that a great many bags come in at 90%. A statement was made that 70% of the imports from France pay 90% duty.

The committee questioned the accuracy of the statement that 5¢ an hour is paid to workers on beaded bags in foreign countries. Also to the policy of figuring 10% expense in bringing in beaded bags. They claim that it never costs less than 20%

The committee claims that imports that were brought in last year at a cost of $1.80 each, laid down, now cost $2.97. Also that the importation of beaded bags has declined 50% within the past year.

A request was made that we obtain information from Mr. Homeyer of the Customs House regarding the average rate of duty and the percentage of decline on imports of beaded bags.

The committee promised to submit their brief in support of their opposition to the petition of the Beaded Bag Manufacturers.

May 19, 1934

Mr. A. Mittenthal
Code Director
Ladies' Handbag Industry
New York, N. Y.

Dear Sir;

Replying to your letter of May 14th, beg to say I distributed for A. I. Magid Co., 14 E. 33rd St. N. Y. City and the Import Bag & Bead Corp., 35 W. 35th St. N. Y. City, but have received no work since the Ladies' Handbag Code became effective.

Prior to the Code, I received from about $3 to $6 per dozen for seed and wooden bags and my gross profit ranged from about 60¢ to $1 per dozen.

I do not know the average wage my beaders earned per hour because I do not know how long it takes to make a bag.

It is hard to say how many hours a beader works in a home. A married woman might only bead two hours a day whereas a single girl might work six.

I never had any work done by children.

In my opinion it would be a great hardship to beaders if homework were prohibited entirely.

I do not have any suggestion to make as to a better method for handling homework that would give the homeworkers the wage they are entitled to receive under the Code.

Thanks for taking this matter up with me by mail.

Yours very truly,

Dear Sir:

I take pleasure in giving you my analysis of the home bag industry--- My opinion and information is based on 3 years experience as a contractor and design originator.

The contractor gives a money guarantee corresponding to the value of the material he takes away. He receives the beads, and sometimes the thread and delivers the finished bags at the factory. He pays his transportation both ways, besides the time required to go and come back from the factory.

The contractor distributes the beads and thread from his place to the homeworkers, and many times has to teach them how to make new models. He receives the finished bags, inspects them and brings them to the factory, where he does not receive always the payment for the bags delivered, in spite of the fact that he pays the homeworker upon receipt of the finished bags. The contractor assumes all the risks in the distribution of the material to the homeworkers and many times must visit the home of the workers to obtain the return of the bags and sometimes, if he does not use good judgment in giving the material to the homeworker he is called upon to pay for the material not returned, at factory fancy prices.

Below is a statement showing a study of labor cost of bags, per doz.:

TYPE OF BAG	QUANTITY OF BEADS	AVERAGE TIME (each)	PAID TO HOMEWORKER	PAID BY FACTORY TO CONTRACTOR	CONSUMER PRICES
Zipper	800	1 hour	6½¢	10¢	$1.00
Envelope	950	1¼ hours	10¢	12¢	1.00
Zipper	1350	2½ hours	23 1/3¢	28 to 30¢	1.95
Envelope	1550	3 hours	25¢	28 to 30¢	1.95
Zipper	1850	from 3to4 hrs.	29¢	39¢	2.95
Env lope	2000	from 3to4½ hrs.	30 to 32¢	40¢	2.95
Zipper	2300	from 5to6 hrs.	40 to 45¢	50 to 55¢	4.95
Envelope	2600	from 6to7 hrs.	45 to 50¢	55 to 60¢	4.95

I do not give you the cost of the beads, although I understand that the average landed cost in U.S.A. for white beads (1000 beads) is from 24 to 26 cents, and colors from 18 to 22 cents.

The two best sellers are the $1.00 line and $1.95 bags.

The code establishes 35¢ per hour for this type of work. To enforce this wage means that the price to be paid to the worker, would have to be increased about four times, and the dollar line would have to be sold $1.50 to the consumer and $1.95 line would have to be sold about $2.50. Will the consumer buy at that price?

9811

We cannot legislate supply and demand. We cannot create demand by law. We cannot legislate on wages when people need to obtain work even at low wages. While distributing work, I have often given beads to men who were of the so-called "white collar" class. I am myself in this starving contractor business because I cannot get a decent job, and I am quite happy in it, as it gives me the opportunity to earn something for my family.

The manufacturer faces two dilemmas: to close his factory or trick the law, if the law means higher wages, which makes the merchandise cost higher and thus becomes not saleable. The worker is quite willing to be victimized by the manufacturer and sign any receipt for high wages which he did not receive, provided he gets something which will give him bread, shelter and some clothing for his family. A quarter loaf of bread is better than none regardless of wages established by law.

A homeworker, who with the assistance of other members of his family can average 6 hours a day's work, would be satisfied to earn 20 cents per hour or $1.20 per day. 20 cents an hour would make possible for the bag industry to live.

It is well known to you that the homeworkers' wages in Europe, Asia, Latin America, etc. are as low as the equivalent of from one to two cents per hour and naturally bags can be imported from Czechoslovakia in spite of the high tariff, if the manufacturer here pays 35¢ per hour, provided, of course, that the consumer will buy bags if instead of being sold at $1.00 are sold at $1.50. The increase of imports from Japan in spite of our low dollar and high tariff, demonstrated that we are vulnerable as soon as wages enter into a cost, and the same thing will apply with Europe in regard to bags.

I honestly believe that wages of 20 to 25¢ per hour would be fair and would not kill the bag industry.

Yours truly,

I am a homeworker on beaded bags working for one of the largest firms in the industry. At your request I have called to give you the information asked for on beaded homework.

My wife and self just finished 48 dozen of beaded bags. We worked 12½ hours a day each from the hours of 7:00 A. M. to 10:00 P. M., only taking out time for meals. We finished these 48 dozen bags in one week, working a total of 75 hours each during the week, and we earned $22 for the complete job, or $11 each. We consider ourselves fast workers.

We are paid 4¢ a piece to sew around a complete beaded bag, insert and sew in linings, and sew on the button fasteners.

May 18, 1934

REGARDING THE USE OF N.R.A. LABELS IN BEADED HANDBAGS PARTLY IMPORTED AND FINISHED IN THE UNITED STATES.

Gentlemen:

In order that an official decision may be had from the Administration regarding our right to issue such labels, we have filed the required protest to obtain such official ruling. In the meantime, the Code Authority will issue labels to beaded bag manufacturers for bags partly imported and finished in the United States.

Very truly yours,

Code Director
Ladies' Handbag Industry

May 19, 1934

Mr. A. Mittenthal
Code Authority Ladies' Handbag Industry
303 Fifth Avenue
New York, N. Y.

Dear Sir:

We are in receipt of a letter dated May 18th whereby it is stated that the Code Authority will issue labels to beaded bag manufacturers for bags partly imported and finished in the United States.

We believe this is an injustice to the American manufacturers of beaded bags. You ask us to pay a living wage to American workers. You ask us to limit our hours of work. In all fairness to the American workers, we believe that the N. R. A. labels should only be sewed in bags that are made in America.

There are a few importers of beaded bags who through subterfuge are trying to have labels sewed in beaded bags that are imported from Europe, but on a pretext that they are sewing the linings in the bags in this country. The beaded bag plate that is imported from Europe is really the whole article. The linings are only a small fraction of the labor or construction of the bag. We do not believe that any fair minded authority will permit labels to be sewed in beaded bags or any other article that is imported from the other side. We earnestly ask you to give this matter your prompt attention.

Thanking you, we are,

Very truly yours,

May 19, 1934

Mr. Pearson
45 Broadway
New York City

Dear Sir:

Enclosed please find a copy of a notice received this morning from the Code Authority, pertaining to NRA labels to be sewed into beaded bags, the makings of which are partly imported and partly finished in this country.

Having spent a life time in the beaded bag business, both as an importer and as a manufacturer, I cannot see the justice in a ruling of this kind, since the import part of a bag is 8% whereas the finished part that has to be done in this country is not more than 2%.

You can therefore readily see that to continue under the ruling of the Code Authority and still maintain the meaning that the NRA stands for, would be an absolute impossibility.

May I suggest to you before you allow this ruling to go into effect that you will give the domestic bead bag manufacturers a hearing.

Trusting to hear from you, we remain,

Very truly yours,

May 19, 1934

Mr. Mittenthal
Code Authority Ladies' Handbag Industry
303 Fifth Avenue
New York City

Dear Mr. Mittenthal:

We have a letter from you dated May 18th regarding the NRA labels being put into bags that are 3/4 manufactured in Europe.

We must ask for your immediate assistance in checking this action as labor is paid at the rate of from 2¢ to 5¢ an hour in parts of Europe such as Belgium, Czechoslovakia and France.

If labels are permitted to be put into bags that are 3/4 manufactured in Europe under the lowest rate of wages, we as American manufacturers protest against such a ruling as the code demands---that we pay 35¢ an hour---as it will be impossible for us to compete with foreign merchandise and will thus be compelled to put out of work thousands of American women now employed in the beaded bag industry.

We sincerely hope you will take immediate steps to prohibit NRA labels being put into bags that are not wholly manufactured in the United States.

It is imperative that you act on this at once, before the NRA labels are allowed to be put into the bags.

Very truly yours,

May 22, 1934

Dr. Earl Dean Howard
Deputy Administrator
Commerce Building
Washington, D. C.

Dear Dr. Howard:

The Beaded Bag Group of the Ladies' Handbag Industry has asked for an official ruling as to whether beaded bags partly imported and finished in the United States will be permitted to use an N. R. A. label issued by the Code Authority of the Industry.

The Beaded Bag Industry is evenly divided on the question. Those who import bead covers and finish them into bags in the United States contend they should be permitted to have the label. Those who make the complete bag in the United States contend they should not be allowed to use the N. R. A. label. The Code Authority has ruled:

"In order that an official decision may be had from the Administration regarding our right to issue such labels, we have filed the required protest to obtain such official ruling. In the meantime the Code Authority will issue labels to beaded bag manufacturers for bags partly imported and finished in the United States".

In order that we may obtain an official ruling I am enclosing three protests filed by members of the Beaded Bag Group against the decision of the Code Authority ruling. The Beaded Bag Group is desirous of obtaining at the earliest possible date an official ruling to guide them when placing their requirements for early fall delivery.

Very truly yours,

Code Director
Ladies' Handbag Industry

May 18, 1934

Gentlemen:

There has been an attempt on the part of the Code Directors of the Pleating, Stitching and Bonnaz and Hand Embroidery Industry to include beading on ladies' handbags in their Code.

We have just succeeded in obtaining a stay, to prevent this Code from interfering with the makers of beaded bags. This action we deemed necessary in view of the fact that the Code of the Pleating, Stitching and Bonnaz and Hand Embroidery Industry abolishes all homework after June 1, and which would by its operation stop such homework by the manufacturers of beaded bags.

Very truly yours,

Code Director
Ladies' Handbag Industry

The Beaded Bag Industry is a division of the Ladies' Handbag Industry. There are about 20 manufacturers; 14 can be classed as manufacturers of beaded bags and 6 as importers. However, in both classes there is an overlapping, some manufacturers also do importing and importers who do some manufacturing, and others who make all of their product in the United States.

Beaded bags are imported either as a complete bag or as beaded covers and finished into a bag in the United States. The chief countries from which these bags are imported are Belgium, France, Czechoslovakia and Japan. The present tariff on beaded bags is from 60% to 90%, depending on how the beading is applied. The cheap bags mostly come in at 60% duty. A great many imported from France come in at 90% duty. The total number of finished bags imported in 1933 were approximately 52,053. There are no accurate figures obtainable for the number of beaded bag covers imported, or the quantity of beaded bags imported during the first four months of 1934. The total volume of sales for the industry for the year 1932 were about $3,000,000.

With this analysis of the industry it must be apparent that there is a decided conflict of interests amongst the groups of manufacturers who make a complete bag in the United States, those who import the covers and finish the bags in the United States, and those who import the finished bags. It is the contention of the group who make the complete bags in the United States that the duty on the imported bags should be raised the full 50% allowable under the National Recovery Act, and also that no N. R. A. labels should be issued by the Code Authority for use in bags partly imported and finished in the United States. It is the contention of the group who import the beaded covers and other parts and finish the bag in the United States that they should be allowed to use the N. R. A. label since the work in finishing the bag is performed by American labor. This group does not protest against any proposed increase in duties. It is the contention of the importers of beaded bags that the present tariff fully protects the American manufacturer of beaded bags and no increase in tariff is required.

At a meeting of the committee appointed by the Chairman of the Code Authority to study homework it was decided to call a meeting of all known members of the Beaded Bag Industry for the purpose of presenting a resolution requesting the Code Authority to petition the Tariff Industries Board of the N. R. A. to increase the tariff on beaded bags the full 50% provided for by the National Recovery Act, also to petition the Code Authority to allow homework on beaded bags at the rate of 25¢ an hour instead of 35¢ an hour as provided for by the Code. The manufacturers held a meeting at the Hotel McAlpin on May 7. There were 14 firms represented at the meeting. The report of the committee was read and explained. A resolution was made and seconded that the report of the committee be adopted. The result of the vote was 7 for, the resolution, 4 against, 3 not voting.

From the statements furnished by manufacturers, contractors and workers it is evident that there is no compliance on the 35¢ an hour rate. The evidence of workers shows conclusively that the homeworkers have no part in fixing the piece work prices, they have no bargaining power and generally take what price is offered them. It is the custom of the beaded bag industry to engage homeworkers either individually or through contractors. When the work is given to the individual homeworker a small security is demanded by the manufacturer, usually not more than a few dollars, a sum not sufficient to cover the value of the materials entrusted to the homeworkers, but more for th purpose of establishing responsibility. When work is given through contractors, the contractor is made responsible for all materials and the deposit is usually more substantial. The contractor gives out the work to the individual homeworkers, he assumes all responsibility, collects and delivers the bags to the manufacturer, furnishes the cotton to the worker, and in return pays the workers himself; for this service the contractor usually retains about 20% of the price he receives. From the evidence furnished by the contractors and homeworkers the average wage earned by the homeworker is from 7¢ to 10¢ an hour. There is absolutely no method of determining the number of hour worked by a homeworker. From the statements of these workers from 10 to 12 hours a day is the average.

The homeworkers are deeply concerned about the abolition of homework claiming that it will deprive them of their means of earning at least a portion of their livelihood. The contractors are in favor of abolishing homework, claiming that it will give them an opportunity to open contract shops and bring the homeworker into their shops. The manufacturer does not wish to have homework abolished since he cannot assume the overhead required to establish and maintain the number of workers that he would require to produce the volume of his product in his own factory.

The situation is more complicated by the contention of the Code Authority of the Pleating, Stitching and Bonnaz and Hand Embroidery Industry who claim that crochet beading is part of their Code and that the Code of their industry abolishes all homework after June 1, 1934. A stay has been obtained from the provisions of this Code for the beaded bag manufacturers on the ground that they sell only the finished product and that the product is definitely a hand-bag, that the crochet beading is only incidental.

Labels for partly imported bags, it has been ruled that labels will be furnished for use in such bags pending a final decision from the Administration.

A protest necessary to obtain such an official ruling has already been filed with the Administration in Washington.

The matter of wage rates, it is evident that if the American manufacturers are compelled to pay 35¢ an hour for homework, they cannot hope to compete with the imported bags. If they are permitted to have a rate of 25¢ an hour for homework, they can produce some goods comparable with imports. The manufacturers of beaded bags are willing to maintain a machinery for compliance with the 25¢ an hour rate, if and when granted.

As a result of an impartial investigation of the Beaded Bag Industry by the Code Director, it is advisable that the exception asked for, making a minimum rate of 25¢ an hour for homeworkers, be granted to the Beaded Bag Industry, but only so long as they maintain and comply fully with the rules and regulations to be established by them for the fixing of piece work prices to be paid to homeworkers on beaded bags.

A. Mittenthal
Code Director

E X H I B I T P

Standard Cost Formula

Part I - Code Authority Presentation

Part II - Comment, Research and Planning Division

EXHIBIT P

HAND BAGS

STANDARD COST FORMULA

Acknowledged by Mr. Boyd but never approved as no such were approved. Never laid before Industry, therefore never taken advantage of. At the present time September 23, 1935, preparing a calculation which it is hoped will be effective.

To arrive at the cost of the product manufactured:

1. Figure the cost of all Direct Material and Direct Labor.
2. To the total of Direct Material and Direct Labor Costs add a percentage of overhead representing all other costs (which must include Factory Expenses, Designing Expenses, Selling Expenses, Distribution Expenses, Administrative and General Expenses.)

Illustration of the above method (all figures are assumed):

1.	Cost of Material	$3.25
	Cost of Direct Labor	2.00
	Total Direct Costs	$5.25
2.	All Overhead Costs - (33 1/3% of Direct Costs ($5.25)	1.75
	Total Cost	$7.00

The resulting figure ($7.00) represents the cost of the product manufactured, and to sell it for less than this amount would be in violation of the Code. The 33 1/3% in this example is merely an illustration.

Determination of Overhead Percentages:

The Overhead Percentage to be used must be computed by each individual concern in accordance with the plan described on pages 2 to 10. However, no percentage shall be used less than 33 1/3%. Exception shall be made to this rule by the Code Authority if the member of the Industry requesting such exception is prepared, on demand, to submit to an agency of the Code Authority subject to audit, a budget and basis therefor which will warrant a lower overhead figure. Also in special circumstances or for particular occasions where strict adherence to the rule would work excessive hardship, similar exception shall be made by the Code Authority upon showing of justification therefor, provided, however, that any member of the industry whose request for an exception to this provision is not granted by the Code Authority shall have the right of appeal to the NRA.

THE PURPOSE OF THE CODE OF FAIR COMPETITION IS TO PROVIDE AGAINST UNFAIR TRADE PRACTICES, CREATED BY UNSCRUPULOUS MEANS, AND TO PREVENT SUCH UNFAIR TRADE PRACTICES, A MINIMUM OVERHEAD PERCENTAGE IS ESTABLISHED. THIS FIGURE DOES NOT PERMIT MANUFACTURERS WHOSE PERCENTAGE OF OVERHEAD IS GREATER THAN THE PERCENTAGE MENTIONED TO FIGURE ANY LESS THAN THEIR ACTUAL PERCENTAGE. TO PREVENT HARDSHIP IN PARTICULAR SITUATIONS CERTAIN EXCEPTIONS HAVE BEEN AUTHORIZED.

To arrive at the correct overhead to be added to the total cost of Direct Material and Direct Labor, it is necessary to prepare a budget for a period of a year's operation. The estimates of figures entering into the budget must be made from records of former years' operations and experience, and should be based upon an expectation of normal business conditions.

ILLUSTRATION OF A BUDGET

(1)	Estimated Net Sales		$100,000
(2)	Estimated Discounts Allowed to Customers		3,000
			$ 97,000
(3)	Estimated Direct Material and Direct Labor	$66,000	
(4)	Estimated Overhead Expenses	22,000	
	TOTAL COST		88,000
(5)	Profit		$ 9,000

(6) In the above illustration the estimated overhead ($22,000) is 33 1/3% of the estimated Direct Material and Direct Labor ($66,000). Therefore 33 1/3% is the percentage to be used in the Cost Formula to figure the cost of each style of bag.

The percentage of overhead must be computed by each individual concern, and each one will use his percentage figure arrived at in this manner (except as provided on Page 1.) No flat percentage rate of overhead for the entire industry can be used.

TO PREPARE THE BUDGET

(1) Estimate the probable Net Sales. (Gross Sales, less Return Sales, Less Allowance)

(2) Based on the estimated Net Sales, figure the Discounts Allowed to Customers.

(3) Based on the estimated Net Sales, figure the necessary Direct Material and Direct Labor Costs to produce the amount of product sold.

(4) Based on the estimated Net Sales, estimate the total of all other costs, factory Expenses, Designing Expenses, Selling Expenses, Distribution Expenses, Administrative and General Expenses (hereafter referred to as "Overhead Expenses") necessary to produce and sell this amount of product.

(5) Estimate the amount of profit that will be made on this volume of business.

(6) To arrive at the Percentage of Overhead to be used when figuring the Cost of each style of bag, determine the percentage that the total Overhead Expenses is of the combined total of Direct Material and Direct Labor cost.

All estimates making up the budget should be reasonable.

The estimate of probable net sales for the year should represent an amount thet the concern can reasonably be expected to sell during the budgeted year.

The estimates of Direct Material, Direct Labor, and Overhead Expenses should represent amounts that the concern must reasonably expect to expend for these items during the bedgeted year based on the records of former years' operations and experience, with due regard to changes that may be expected to occur during the budgeted year, and with the exceptions noted hereafter on page 11.

Fixed costs relating to buildings, machinery and equipment, such as rent, depreciation, insurance and taxes, and fixed salary items must be put into costs on a basis of normal rates of operation.

Do not overlook the method of handling interest and other items described on page 11.

The Standard Cost Formula sets forth rigid provisions, but minor deviations that would not materially change the method or results may be made.

DIRECT MATERIALS

Direct Materials are to include all those materials which can be traced directly into the product.

Price all Direct Materials for cost formula at market price prevailing at any time within thirty (30) days prior to date of sale or at actual cost if purchased within four (4) months of date of sale, whichever is lower.

Exception to this rule may be taken only upon application to, and approval by, the Code Authority.

Incoming Freight and incoming cartage on raw material are regarded as a part of the Direct Material Cost.

The following items are classed as Direct Materials:

Cover (leather or fabric)	Cotton and pins, etc.
Lining	Frame
Pocket lining	Purse Frame
Rubber cloth	Zipper
Wadding	Mirror
Flannel	Fittings
Packing material	Ornaments
Paper	Buttons

Cement
Welding

Boxes
Tissue
Labels

DIRECT LABOR

Direct Labor is to include wages paid for labor performed specifically on and charged directly to the product. Any other labor is indirect labor and must be included in the Overhead Expenses.

In estimating the cost of Direct Labor operations, there must be included the difference paid when the earnings of piece workers fall below the minimum wage.

All Direct Labor must be identified and separated from that part of the payroll that is classed as indirect and other overhead labor.

The following includes all the items of Direct Labor generally applicable to the Handbag Industry. Any special or unusual direct labor operations, or direct labor performed outside the factory such as embossing, stripping, etc., should be added.

CUTTING

Cutting by Hand
Cutting by Clicker
Cutting Rubber Cloth
Cutting Lining
Cutting Wadding
Cutting Interlining
Cutting Papers

PARING

Paring
Burnishing
Splitting

EMBOSSING

SEWING

Sewing Handle
Sewing Handle on Cover
Sewing Covers on Bottoms
Sewing Mirror Pockets on Linings
Sewing Frame Pockets
Marrowing Frame Pockets
Sewing together lining
Sewing on Zipper
Trimming Cottons from Linings
Trimming Cotton from Handle
Sewing on Welding
Cutting apart Bottoms from Welding
Matching Covers, Bottom and Handles
Hanging on Wadding on Linings
Sewing together Lining and Covers

MAKING LININGS

Hanging on Paper on Silk for Pocket
Cementing Silk on Paper
Turning in Pocket
Bending Pocket
Hanging on Muslin on Silk
Marking Silk for Pockets

POCKET BOOK WORK

Stripping on Covers
Hanging paper on Cover
Cementing paper and Cover
Hanging Paper on Silk
Cementing Silk
Turning Silk

Putting in Button
Putting on Ornaments
Putting on Handle

Making tucks or pullers
Turning in Cover

Setting together Silk and Cover
Marking Covers for Sewing on Handle
Putting paper on back of bag for handle
Trimming Edges of Covers and Bottoms

DIRECT LABOR

HAND LACING

TURNING
Turning Bag, Shaping and Hammering
Turning Frame Pockets

FRAMING
Framing Purse
Framing Pockets
Framing Bag

FRAME COVERING
Covering Frame
Covering Pockets
Covering Purse

EXAMINING AND PACKING
Trimming Thread and Examining
Wrapping in Tissue
Putting in Boxes and Labeling

OVERHEAD EXPENSES

Overhead expenses include all expenses which cannot be treated directly into the product. They do not include Direct Material and Direct Labor.

The following is a detailed list of Overhead Expenses classified as to Factory, Designing, Selling, Distribution, and Administrative and General. This list covers all of the items of Overhead Expenses generally applicable to the Handbag Industry.

Fixed Costs relating to buildings, machinery, and equipment, such as Rent, Taxes, Depreciation and Insurance, should be included only for such buildings, machinery, and equipment actually used to manufacture the product sold. Expense of maintaining and protecting buildings completely closed and equipment completely inoperative is to be excluded from Overhead Expenses entering into the Cost Formula.

Salaries of Executives should be included in Overhead Expenses for the purpose of the Cost Formula only to the extent of a reasonable amount, taking into consideration the size and nature of the business and the proportion of such salaries of owners and chief executives.

Expenses not to be included in Overhead Expense for the purpose of the Cost Formula are listed on page 11.

A. FACTORY OVERHEAD

Executive Salaries (Production)
Supervision (Foreman)
Indirect Labor
Floor Boys Salaries
Bag Repair Man
Factory Office Salaries
Buyers Salaries
Receiving Salaries (Direct Materials)
Stockroom Salaries (Direct Materials)
Foreign Buying Expense (For Direct Materials)
Factory Supplies (Oil, Belting, Paring Knives, Needles, Emery Wheels, etc.)
Dies, Small Tools, and Parts
Machine Repairs
Machine Rentals
Royalties
Depreciation of Machinery and Equipment (Except on completely idle machinery and equipment)
Depreciation of Factory Building (Except on completely idle buildings)
Amortization of Leasehold Improvements (Except on completely idle improved property)
Porters and Cleaners
Light - Factory
Heat
Power
Water
Factory Trucking
Rent - Factory
Local Taxes
Power House labor
Insurance - Fire, Compensation, Misc.
Protection - Electric, Payroll.
Watchman Salaries
Factory Traveling Expense
Sundry Factory Expense

B. COST OF REPAIRS TO BAGS

Repairing of bags has always been an item of considerable expense to the industry. The actual cost of labor and materials consumed in repairing bags together with handling and forwarding charges (two ways) is rarely if ever, included in the original costs. Nevertheless, in some cases, this item amounts to as much as 2% of the sales. It is important that this item of expense be figured in the cost of the bags as an overhead expense.

The following items go to make up the cost of repairs:

Cost of Direct Materials used for repairs	$xx
Cost of Direct Labor in making repairs	xx
Handling of repairs - clerks, wrapping correspondence, etc.	xx
Forwarding charges from and to customer	xx
Total Cost of Repairs	$xx

C. LOSS (MARKDOWNS) ON INVENTORY

It is not unusual for a handbag manufacturer having a volume of sales of $500,000 during the year to find at the end of the year an inventory on hand amounting to $25,000.

This inventory will probably consist of some frames and ornaments which can be depreciated at least 50 per cent immediately and even 75 per cent if they happen to be in small quantities.

The leather stock inventory is usually in fall colors, in uneven color assortments, which can be depreciated 50 per cent.

Finished goods inventory on hand usually consists of the least desirable styles in broken color assortments which can be depreciated from 25 to 50 per cent.

It is safe on the average, therefore, for any manufacturer of handbags to figure 50 per cent depreciation on his inventory at the end of the year.

Unless this item of $12,500 loss in inventory is figured into the original cost it is more than likely that what appeared to be a profitable year may result in an unprofitable year when the loss in inventory is charged against the profits. For example:

Inventory	$25,000
Less depreciation 50 per cent	12,500
Value of inventory on hand	$12,500
Total yearly sales	$500,000
Estimated Profit	$10,000
Loss on inventory	12,500
Deficit	$ 2,500
Percentage of loss on sales	2½%

This example may vary with different types of manufacturers making different kinds of bags. With some, the inventory may be higher and the percentage of markdowns lower. For example, a manufacturer may have a $50,000 inventory with a markdown of only 25%, depending upon the kind and nature of the inventory. The principle involved, however, must be applied in every case. Each manufacturer should carefully study the conditions in his own particular line.

D. DESIGN OVERHEAD

Executive Salaries (Designing)
Designers Salaries
Sample Making Salaries
Sample Materials
Raw Materials used in Designing
Purchases of Sample Bags
Sundry Designing Expense

E. SELLING OVERHEAD
Executive Salaries (Selling)
Commissions - Salesmen
Salesmen's Salaries
Loss on Salesmen's Advances
Showroom Salaries
Amortization of Leasehold Improvements - Selling
Advertising
Advertising Salaries
Royalties
Auto Expense
Depreciation of Auto
Rent - selling
Light - selling
Sundry Selling Expenses

F. DISTRIBUTION OVERHEAD
Shipping Salaries
Stockroom Salaries (Finished Bags)
Wrapping and Packing materials
Freight, Express, Trucking, Parcel Post, Carfares - Outward (Shipping
Sundry Shipping Expense

G. ADMINISTRATIVE AND GENERAL OVERHEAD
Executive Salaries
Office Salaries
Insurance
Stationery, Printing and Office Supplies
Telephone and Telegraph
Postage
Auditing Fees
Legal Fees
Dues and Subscriptions
Rent - Office
Light - Office
Electric Protection
Code Authority Assessments Expense
Taxes - except Income Taxes
Provision for Doubtful Accounts or Bad Debts Written Off
Credit and Collection Expense
Depreciation of Office Furniture and Fixtures
Bank Charges
Sundry General Expense

ITEMS NOT TO BE INCLUDED IN OVERHEAD OR INCOME

INTEREST ON BORROWED MONEY

Interest on money borrowed should not be included in overhead costs, but for this purpose shall be considered as a non-operating expense due to lack of sufficient invested capital.

LIFE INSURANCE - Owners, Chief Executives and Employees

Premiums on policies insuring the lives of owners and chief executives, or on group life insurance for employees, must not be included in the overhead expenses but for this purpose should be considered as a non-operating expense.

FEDERAL, STATE, LOCAL INCOME TAXES AND EXCESS PROFITS TAXES

These must not be included in the overhead expenses but for this purpose shall be considered as a non-operating expense.

DEFERRED EXPENSE

Expenses, such as insurance, paid for in the period under budget, but partly applicable to a future period, must be properly apportioned to the budget period.

DONATIONS

Donations of the character not allowed by the Bureau of Internal Revenue must not be included in overhead expenses.

INTEREST ON INVESTMENT

Interest on owner's investment or capital must not be included in the overhead expenses.

INTEREST EARNED

Interest Earned should not be included in operating income, but shall be considered as a non-operating income due to having sufficient capital invested to secure this income.

NON-OPERATING INCOME AND EXPENSES

Any unusual or extraordinary items of income and expense such as dividends, fire loss, special sales campaigns, development work, etc., must not be included in income or overhead expenses. Such items are classed as "Other Income" and "Deductions from Income" and are to be omitted in the Cost Formula.

STANDARD CALCULATION SHEET

It is mandatory that each manufacturer keep detailed records of the cost of each individual style of bag manufactured by him.

For this purpose the Code Authority has approved a standard form of calculation sheet, a sample of which is shown on the following page.

These Standard Calculation Sheets showing the detailed costs of each style must be available to the authorized agents of the Code Authority upon request.

STANDARD CALCULATION SHEET

Code Authority
Ladies' Handbag Industry
SKETCH

STYLE NO.

Description

MATERIALS

Cover .....
.....
Lining .....
.....
Pocket Lining
Rubber Cloth
Wadding
Flannel
Backing Material
Paper
Cement
Welting
Cotton and pins, etc.
Frame
Purse Frame
Zipper
Mirror
Fittings .....
.....
Ornaments
Buttons .....
.....
Boxes
Tissue
Labels
Miscellaneous.....
.....

TOTAL COST OF MATERIALS

TOTAL COST OF LABOR - Forwarded from reverse side

TOTAL DIRECT COST

Add: OVERHEAD EXPENSES (...% of total Direct Cost)

TOTAL COST

Selling Price $.....
Less Discounts Allowed .....
Net Selling Price
PROFIT

DIRECT LABOR COSTS

GROUP	OPERATION
CUTTING	Cutting by hand
	Cutting by clicker
	Chopper
	Hand Grader
	Cutting Rubber Cloth
	Cutting lining
	Cutting Wadding
	Cutting Interlining
	Cutting papers
PARING	Paring
	Burnishing
	Splitting
EMBOSSING	Embossing
SEWING	Sewing handle
	Sewing handle on cover
	Sewing covers on bottoms
	Sewing Mirror Pockets on linings
	Sewing frame pockets
	Narrowing frame pockets
	Sewing lining together
	Sewing on Zipper
	Trimming cotton from linings
	Trimming cotton from handle
	Sewing on Welding
	Cutting apart bottoms from Welding
	Matching covers, bottom and handles
	Hanging on wadding on linings
	Sewing together lining and covers
TURNING	Turning bag, shaping and hammering
	Turning frame pockets
FRAMING	Framing purses
	Framing pockets
	Framing bag
FRAME COVERING	Covering Frames
	Covering Pockets
	Covering Purse
MAKING LININGS	Hanging on paper on silk for pocket
	Cementing silk on paper
	Turning in pocket
	Bending pocket
	Hanging on muslin on silk
	Marking silk for pockets
POCKETBOOK WORK	Stripping on covers
	Hanging paper on cover
	Cementing paper on cover

GROUP	OPERATION
POCKETBOOK WORK- continued.	Putting in buttons
	Putting on ornament
	Putting on handle
	Making tucks or pullers
	Turning in cover
	Hanging paper on silk
	Cementing silk
	Turning silk
	Setting together silk and cover
	Marking covers for sewing on handle
	Putting paper on back of bag for handle sewing
	Trimming edges of covers and bottoms
HAND LACING	Hand Lacing
EXAMINING AND PACKING	Trimming thread and examining, Wrapping in tissue, Putting in boxes and labeling
OUTSIDE LABOR	
TOTAL DIRECT LABOR	FORWARDED TO FIRST PAGE - STANDARD CALCULATION SHEET

February 1, 1935.

MEMORANDUM

TO: Mr. Leigh E. Orc,
Leather Section,
Assistant Deputy Administrator

FROM: Orton W. Boyd,
Cost Accounting Unit,
Research and Plannin_ Division

SUBJECT: Ladies' Handbag Industry.- Standard Cost Formula.

This formula has been submitted under the provisions of Article VI, Section 8(i) and Article VIII, Section 14.

The first named section empowers the Code Authority to recommend the uniform cost and/or accounting system for each division of the industry, which, upon approval by the Administrator, shall become a part of the code. Any member of the industry is permitted to continue the use of his current cost or accounting system provided that selling prices estimated by the use of that system shall not be less than the cost of the article determined in accordance with the approved formula.

Article VIII, Section 14 prohibits sales below individual's cost as computed by the approved uniform cost system. Exceptions, however, are granted from that rule for the purpose of meeting competition of another member who is not selling below his individual cost, and for seasonal clearance sales, distressed goods, etc.

The approval or disapproval of this proposal is purely a matter of Administrative policy, inasmuch as if it were to be approved, it would effectuate the above cited sections of the Code of Fair Competition, each of which conflicts with NRA policies as set forth in the Office Manual.

In any event, this proposal is an unsatisfactory device for the effectuation of the no-selling-below-cost provision for reasons as follows:

1. According to Page one, the minimum amount of overhead to be used in the determination of unit costs is 33-1/3% of the direct costs (material, and direct labor). An exception to this rule will be permitted by the Code Authority if a member of the industry requesting the same is in position to demonstrate the fact that his actual overhead expense is a lower percentage of the direct costs. This provision conflicts with Office Memorandum 228-3 which provides that no cost accounting system shall suggest differentials or percentages

which would tend to bring about arbitrary uniformity in costs. In other words, each member of the industry should compute his own overhead on the basis of his own experience.

2. The method of applying overhead to unit costs as a percentage of prime cost is obsolete and should not, therefore, appear in a cost accounting system to be approved by the Administration. I would suggest that overhead be applied in unit costs either as a percentage of the direct labor cost, or at a given rate per direct labor hour. I would personally prefer the use of the second alternative.

3. According to page five, direct materials shall be charged into costs at the market price prevailing at any time within thirty days prior to the date of sale, or at actual cost if purchased within four months of the date of sale, whichever is the lower. This proposal restricts the scope of the "cost or market, whichever is lower" rule prescribed by Office Memorandum 269. An individual manufacturer should be permitted to charge his materials into production at actual cost, regardless of the date of the purchase of those materials. No doubt, the Code Authority in this proposal wishes to prevent a manufacturer from producing an old invoice and claim that the materials billed thereon were actually employed in the manufacture of the bag in question.

The following revision of the Code Authority's proposal would bring it into harmony with Office Memorandum 265 and the same time take care of the situation which the Code Authority has in mind; "Price all direct materials for the cost formula at original cost or at the market price prevailing at date of sale, whichever is the lower. A member who claims that his raw materials were purchased four months or more prior to the date of the sale must be prepared to prove his contention from his perpetual inventory or similar records. Otherwise, it is assumed that the first materials purchased were used in the manufacture of the earliest lots of bags."

4. In order that there may be no confusion, the following statement should appear immediately below the caption "Items not to be included in overhead or income" on Page 11; "The expense items shown herein shall be excluded in the determination of the costs below which sales shall not be made."

5. According to Page 9, the cost of repairs to bags shall be included in the factory overhead expense. Many cost accountants would insist, with propriety, that the expense of repairing bags should be listed as a selling and administrative expense. The individual manufacturer, should feel free to include the cost of repairing bags within that classification, with the understanding, of course, that a proportionate share of the factory overhead should be added to the items listed on Page 9. Any income derived from the repairing of bags should, of course, be applied against the cost of repairing bags for the purpose of determining the amount which should be included in factory overhead, or in the administrative and selling expenses.

6. According to Page 9, the "depreciation" of the finished goods inventory at the close of the fiscal year should apparently be figured

in the cost below which sales may not be made. This provision is objectionable inasmuch as it would tend to introduce losses of a speculative nature within the cost below which sales may not be made. Furthermore, the proposal makes a statement which conflicts with Office Memorandum 228-3, namely, "It is safe on the average - - for any manufacturer to figure fifty per cent depreciation on his inventory at the end of the year."

"Depreciation of Inventory" as used herein refers to the loss of value in unsold merchandise attributable to style changes, broken or odd lots, etc.

7. The following additional restrictions and exclusions from cost should be made a part of the standard formula:

a. Any amount of depreciation shown on the books in excess of that allowable for federal income tax purposes must be excluded.

b. No reserve for contingencies or similar item which does not represent reasonable ascertainable cost, but merely an estimate of uncertain eventualities, is to be included.

c. Recognition must be given wherever necessary to the influence upon costs of differences in marketing methods, customer classes, and distance from the point of delivery when goods are sold on a delivered basis.

d. Losses on the sale of capital assets such as land, buildings, equipment, etc., shall be excluded.

e. Purchase discounts may be applied as a reduction of the cost of the commodities or equipment bought.

f. Holding company devices or affiliated relationships should not permit a member of any industry to evade the spirit and purpose of the no-selling-below-cost provisions.

g. In the event that a member of an industry engages in other activities, his indirect costs shall be allocated to the several classes of products on a fair or equitable basis. A cost accounting formula which prescribes such method of allocation should not conflict with the similar provisions of any other cost finding method which may, in all probability, govern the accounting methods of an individual producer.

(Signed) ORTON W. BOYD
Orton W. Boyd,
Cost Accounting Unit,
Research and Planning Division.

OWB:dw

9811

E X H I B I T Q

Brief - Style Piracy

EXHIBIT "Q"

PROGRAM

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Section 1:

A decision on the amendment to the Code establishing protection against design piracy. A selection of either of the two methods (a) or (b):

(a) Design piracy is hereby declared to be an unfair method of competition. The term 'design' as used herein, signifies designs artistic or ornamental and not functional or mechanical. No member of the industry shall imitate or copy, or cause to be imitated or copied, any design original in its application to any product of the industry, without the consent of the owner thereof, if:

(a) A drawing, photograph or model of said design has been registered with a disinterested and impartial agency to be designated by the Code Authority with the approval of the Administrator. In registering such design, the registrant shall indicate clearly the particular or particulars in which such design is original in its application to any product of the industry, shall, in addition, submit a sworn statement in which he certifies that to the best of his knowledge and belief, such design is in fact original as aforesaid, and shall specify the date of conception of such design. Such disinterested and impartial agency shall accept any design submitted for registration as aforesaid, and shall issue a certificate of registration to the registrant.

(b) Said design or said article to which said design is applied or in which said design is embodied bears the mark "Registered NRA design" or "Reg. NRA Code Number", and the date of registration.

(c) Provided, that the prohibition herein against piracy of any design shall expire six months from the date of registration thereof.

(d) An Arbitration Board shall be set up to settle differences occasioned by conflicts in design or priority of rights under registered designs. After all possible effort has been exerted to amicably settle such differences, the Arbitration Board shall submit to the Administrator in writing a statement setting forth the facts pertaining thereto, with recommendations as to the desired action to settle such differences.

(e) Nothing contained in this Article VIII shall be construed to limit the protection afforded to designers or manufacturers in respect of designs under existing law.

(b) The Code of Fair Competition for the Ladies' Handbag Industry be amended by inserting in said Code the following provision:

(a) The Code Authority shall establish and maintain on terms and conditions prescribed by it, a Bureau for the Registration of Original Styles and Designs for the purpose of defining and establishing priority of ownership of such styles and designs, such registration to be prima facie evidence of the originality and ownership, for a period not in excess of six months from the date of registration, of said styles and designs.

(b) Subject to the rules and regulations adopted by said bureau, any member of the indsutry may register with said bureau any original design which he has created.

(c) It shall be an unfair method of competition to make, use, sell, or advertise a copy of any original style or design of another so registered, or to cause the same to be done during the said six month period, intentionally and with prior knowledge and without express license therefor granted by the registered owner of the style or design.

(d) A substantial resemblance of the alleged copy to the registered style or design shall constitute prima facie evidence of an intent to copy with prior knowledge thereof.

(e) The cost of administering the provisions of this section by the Code Authority shall be borne by those members of the industry who register their styles and designs with the bureau herein provided. A registration fee may be charged by the Code Authority sufficient to cover such cost.

(f) The provisions of this section shall not become operative until the rules and regulations provided for herein have been adopted by the Code Authority and approved by the Administrator.

(g) Rules and regulations necessary for the Administration of this provision of the Code may be adopted from time to time by the Code Authority subject to disapproval by the Administrator. A violation of said rules and regulations shall constitute a violation of the Code.

Section 2:

All attempts to obtain Federal legislation prohibiting design piracy have so far been unsuccessful, and existing laws do not appear to provide adequate protection for designs.

Codes of Fair Competition completely change the situation. 1) Codes make the protection selective; that is, industries wishing protection can obtain it; and industries which do not want it are not

compelled to accept it. 2) Any industry incorporating a design piracy provision in a Code secures legal enforcement once the Code is approved. 3) The industry is free to set up in its own ranks or cooperatively the registration machinery necessary to obtain actual and complete protection. 4) Arbitration can be used to insure just and speedy settlement of any controversies involving protected designs.

Section 3:

The problem of design protection is not only the affair of competitors within an industry. The originator of the design, the seller and the public all have an interest. Only a central registration bureau can protect all of these interests.

If the industry sets up its own bureau, it must work out the standards, the procedure and the methods. Most industries have not the experts to do this. Consequently there would be a variety of methods and wide differences in planning and effectiveness. These can be avoided in a central registration bureau.

The cost of maintaining a bureau in each industry to conduct an expert registration search and checking system, is in many instances prohibitive. With a central registration bureau, the industry assumes little or no financial responsibility, the members who register articles bearing only the cost of their own search.

The secrecy necessary to protect a registrable design is rarely obtainable in an industry where a bureau is operated by competitors. The slightest leak may result in the copy being on the market before the original can be protected. Only a central registration bureau, conducted under neutral auspices, assured confidential service.

Section 4:

"Design Piracy - Any member of the Industry who creates or devises a style pattern or a design pattern may file for official registration with the Pattern Registration Bureau approved by the Code Authority of the Industry, a sample of the style pattern or design pattern by attaching thereto a registration card, which, upon application, shall be furnished by the Code Authority, After such registration, and for a period of at least six (6) months, no member of the Industry shall in any manner or form, in the current interpretation of the Industry, copy, imitate, use or deal in said style pattern or design pattern without the license or consent of the registrant, excepting with the approval of the Arbitration Board as hereinafter set forth. Said registration card shall include the following: the name and address of the registrant; the date of filing of style pattern or design pattern; a brief description of the merchandise, including especial reference to its distinguishing characteristics, and a description of the machine or machines upon which the merchandise is manufactured.

Immediately upon such registration of the style pattern or design pattern, said Bureau shall make or cause to be made a full and complete search. If after such search, said Bureau finds that the style pattern or design pattern is entitled to be registered, it shall make appropriate

entries of registration, it shall immediately notify said registrant that due registration has been granted. If after such search, said Bureau finds that the style pattern or design pattern is not entitled to be registered, it shall accordingly notify the Code Authority and the registrant.

If the registrant is not satisfied with the finding of said Bureau, the Code Authority, upon request by the registrant, shall refer the matter to an Arbitration Board for final determination. This Board shall consist of three members; one to be designated by the Code Authority; one to be designated by the registrant; and the third shall be the Administration Member of the Code Authority to serve as Umpire. If the Arbitration Board determines that the style pattern or design pattern is entitled to be registered, said Bureau shall immediately complete registration."

Section 5;

Matters to be decided by the committee are the following:

1. Firstly, it would decide preliminary questions which lie entirely within the scope of the industry such as:

   a) What constitutes registrable designs?

   b) For how long a period should protection be afforded by registration?

   c) Should such registration be renewable and if so for how long a period?

   d) Should owners of designs be privileged to lease them to other members of the industry?

2. Secondly, the committee would decide what form of registration was best suited to the industry and whether to set up an individual Bureau or to use the existing Industrial Design Registration Bureau.

3. If the decision is made to use the existing Bureau, the third function of the committee would be to arrange with the staff of the Bureau technical details of registration such as fees, time allowed for searching the files, and other matters affecting the process of registration in the industry.

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COMMENTS BY CODE DIRECTOR

There is presented herewith for consideration by the committee various methods by which control of Style Piracy might be established for the industry. In order that the industry might obtain a method best fitted for the Ladies' Handbag Industry, we requested Departments of the Administration to write a provision that would be acceptable to the Administration, and at the same time give the industry the opportunity to establish and control this important function. There are presented herewith three provisions.

Provision No. 1 suggested by the Arbitration Society of America does not set up in detail any rules and regulations, but rather a method of procedure. It is not certain that this provision would be accepted by the Department of the Administration since it does not exclude infringement on patterns and copyrights.

Provision No. 2 was rendered by Mr. Howard Hayden of the Planning and Research Department of the Administration. This provision is more explicit and gives greater details for the method of establishing and maintaining of such a bureau for registration. This provision would be acceptable to the Administration.

Provision No. 3 was written by Mr. Elwell of the Legal Department of the Administration and we believe one most suited to our industry. Mr. Elwell personally is interested in the subject of Style Piracy and he has a thorough understanding of what industry requires to be protected from Style Piracy. Mr. Elwell undertook to write this provision to cover our particular needs and we are of the opinion that it covers as nearly as possible the requirements of our industry. This provision should be acceptable to the Legal Department of the Administration.

We have hereto as part of our report information furnished by various sources who are now engaged in the work of registration of designs for various industries. These reports outline the methods and machinery for the establishment of registration for styles and designs which are now being operated by various industries. Also a special report from the Design Registration Bureau containing an estimate of the costs and the manner of applying these costs to the members of the industry who wish to avail themselves of the protection of the Bureau.

It must be understood that the only method of enforcement is the Code of the Industry and that in order to establish Style Piracy for the industry, that it will be necessary to ask and obtain from the Administration proper amendments to the Code as provided for by the Code.

A. Fittenthal
Code Director

ARTICLE VIII, Section (j)

To undertake, in conjunction with the Code Authorities of related industries, an investigation of style piracy and to recommend to the Administrator, within a reasonable period of time, appropriate means for the regulation and control of style piracy, which recommendations, upon the approval of the Administrator and after such notice and hearings as he may prescribe, shall become effective provisions of this Code.

THE PROBLEM OF DESIGN PIRACY

Industry has long struggled with the problem of design piracy, and the protection of designs is now acknowledged to be a vital factor in commercial life. The design pirate is recognized in many industries as a menace to progress and to profits. Thousands of manufacturers who employ a designing staff or buy original designs have to suffer heavy losses by the theft of those designs and their reproduction in inferior material at a cheaper cost. The widespread practice of stealing designs does nothing to stimulate original creations; on the contrary it cheapens and debases them, and its cost to industry is estimated at millions of dollars annually.

As a result of a survey undertaken at the request of a number of industries, the American Arbitration Association, which is interested primarily in the settlement of industrial controversies, established a National Council on Design Protection. This Council affords a neutral medium through which trade associations can work out their design piracy problems under Codes.

The work of the Council is directed by men and industries vitally interested in the protection of designs. Finding in operation an Industrial Design Registration Bureau, originated by the National Federation of Textiles, Inc., which was open to all industries, the Council established cooperative relations and has put forth the following plan for the consideration of industries having or intending to obtain piracy provisions in Codes.

Design Piracy Provisions in Codes

Under this Plan, the first important step is to insert a design piracy clause in the Code; and if the Code is already approved, to propose it in a supplemental Code. The Council has compiled the clauses from approved Codes for submission to industries intending to use clauses, but recommends the following as being simple and effective:

> No member of the industry shall imitate, simulate or appropriate any original or unique design or style or any trademark or name or brand registered with the industry or its designated agency; and any such imitation, simulation or appropriation shall constitute an unfair trade practice and a violation of this Code.

Central Industrial Design Registration Bureau

The Council believes that the next step is for the industry having such protection to use a central Industrial Design Registration Bureau. For all industrial groups having the common problem of design protection such a bureau is entirely practical, expedient and less costly then the establishment of a separate bureau in each industry for the following reasons:

1. The problem of design protection is not only the affair of competitors within an industry. The originator of the design, the seller and the public all have an interest. Only a central registration Bureau can protect all of these interests.

2. If each industry sets up its own bureau, it must work out the standards, the procedure and the methods. Most industries have not the experts to do this. Consequently there would be a variety of methods and wide differences in planning and effectiveness. These can be avoided in a central registration bureau.

3. The cost of maintaining a bureau in each industry to conduct an expert registration search and checking system, is in many instances prohibitive. With a central registration bureau, the industry assumes little or no financial responsibility, the members who register articles bearing only the cost of their own search.

4. The secrecy necessary to protect a registrable design is rarely obtainable in an industry where a bureau is operated by competitors. The slightest leak may result in the copy being on the market before the original can be protected. Only a central registration bureau, conducted under neutral auspices, assures confidential service.

Protection of Designs in the Textile Field

The success of the Industrial Design Registration Bureau of the National Federation of Textiles, Inc., has proven that the control of design piracy is a realizable ideal. A practical system, such as that now in use at the Bureau, can be utilized by an industry desirous of protecting its designs.

Five years ago, the stealing of designs in the silk industry was common practice. Now a case of design piracy is a sensational story, for the Bureau has been almost a hundred percent successful in its protection of original designs.

The necessity for registration is apparent in every industry having a design piracy problem. The existing Industrial Design Registration Bureau is now available to other industrial groups. It operates this way:

First Step Towards Registration

Operation of a registration service for designs in any industry is possible only with the agreement of all members of an industry to submit all designs to a central clearing house. Should the number of

designs in use be overwhelmingly large, a committee representing the industry may agree that only designs in use after a certain date are to be submitted.

Procedure at the Bureau

(Textile Division)

(a) Secrecy - When the owner brings the colored sketch of the design to the Bureau, it is given to the entry clerk who removes the name and substitutes a symbol. The sketch is then sent to the searching room for comparison. The entry clerk is the only person in the Bureau who knows to whom it belongs. There is no chance of a leakage, - no names inadvertently overheard, no buyers seen by chance in the offices.

(b) Search and Comparison - When it reaches the searching room, the design is first photographed. Then it is classified under various general headings - geometrical, floral, etc., and cross-referenced to insure accuracy in search. The photograph next goes to the expert searchers who compare it with previously filed entries of its type and classification. If no conflict is discovered, the sketch is stamped as original, sent back to the entry clerk and returned to its owner. The whole operation takes forty-eight hours. A day and a night staff of searchers is employed, for there are at present some forty-four thousand designs on file.

(c) Time Limit Regulations - When the owner receives his sketch again, he must be prepared to print it and return a finished "swatch" of the material to the Bureau within thirty days. This is to prevent manufacturers from buying up all the likely designs for years ahead and to insure that every design they register is intended for immediate use. Registration is good for one year and may be extended to two.

(d) Procedure on Rejection - If the design appears to conflict with a previous entry, it is checked three times before final rejection. Distribution of color is taken into account, slight changes in line or contour are not considered but every care is taken to give a fair decision on the basis of substitution from the viewpoint of the average buyer or consumer.

An owner may occasionally question the Bureau's rejection. In such cases, the conflicting entries are shown to a committee of seven representing different branches of the industry. Before being sent to the committee, even the symbols are removed from the entries as an absolute safeguard. For a decision five members are required to vote and the decision is final when given by a majority.

(e) Provisional Rules - A set of Provisional Rules of the National Council on Design Protection has been drawn up, and these rules constitute part of this plan.

Procedure for Other Industries.

While the system set forth above has been found successful in the textile and leather fields, the rules can be altered to meet the needs

of any industry. A Committee on Design Protection consisting of members of the industry may work out a special technique suited to that particular industry. Such a committee would have three functions:

1. Firstly, it would decide preliminary questions which lie entirely within the scope of the industry such as:

a) What constitutes staple or standard designs. (These should be separated by a committee from the registrable designs.)

b) For how long a period should protection be afforded by registration.

c) Should such registration be renewable and if so for how long a period.

d) Should owners of designs be privileged to lease them to other members of the industry.

2. Secondly, the committee would decide what form of registration was best suited to the industry and whether to set up an individual Bureau or to use the existing Industrial Design Registration Bureau.

3. If the decision is made to use the existin Bureau, the third function of the committee would be to arrange with the staff of the Bureau technical details of registration such as fees, time allowed for searching the files, and other matters affecting the process of registration in the industry.

How Designs are Protected.

It will be seen that the system does more than merely assure a priority right in case of litigation. It actually prevents copies from reaching the market. Each accepted entry is stamped before it leaves the Bureau, and that stamp is an assurance that subsequent conflicting entries will be rejected. The printers, dyers and engravers will not work on a design unless it bears the stamp of the Bureau.

This arrangement was in full force two years before Codes came into effect. It should certainly be possible to evolve a similar system in other industries needing protection or to arrange to have them use the present system, especially now that Codes of Fair Competition offer to industry the opportunity it has long awaited to establish firmly the basic procedure of fair practice.

Situation Changed by Codes

All attempts to obtain Federal legislation prohibiting design piracy have so far been unsuccessful, and existing laws do not appear to provide adequate protection for designs.

Codes of Fair Competition completely change the situation. 1) Codes make the protection selective; that is, industries wishing protection can obtain it; and industries which do not want it are not

compelled to accept it. 2) Any industry incorporating a design piracy provision in a Code secures legal enforcement once the Code is approved. 3) The industry is free to set up in its own ranks or cooperatively the registration machinery necessary to obtain actual and complete protection. 4) Arbitration can be used to insure just and speedy settlement of any controversies involving protected designs.

Further Information

The National Council on Design Protection of the American Arbitration Association, 521 Fifth Avenue, New York City, will be glad to furnish further information or to provide an escort for those desiring to see the Industrial Design Registration Bureau in operation.

No member of the Industry shall imitate, simulate or appropriate within six months from the date of its registration or any extension thereof, any original or unique design or style or any trade-mark or name or brand registered with the Industry or its designated agency, and any such imitation, simulation or appropriation shall constitute an unfair trade practice and a violation of this Code.

Style Piracy or Piracy of Design

The Code Authority may establish or designate a Bureau of Design Registration and organize a Committee for the interpretation of design in the current acceptation in the trade/industry, and no member of the trade/industry shall usurp or make use of any design, drawing, pattern, plan, style feature, or distinguishing characteristic which has been registered with such Bureau; or any such design which has been submitted to a prospective customer by a competitor and is dated and rightfully and plainly marked as having been created or devised by and being the property of such competitor and which has not been purchased by such prospective customer; or reproduce offer for sale or sell any article of such design within a five year period after its original production.

Howard Hayden

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NATIONAL RECOVERY ADMINISTRATION

WASHINGTON, D.C.

May 22, 1934.

Mr. Max Berkowitz
303 Fifth Avenue
New York City

Dear Mr. Berkowitz:

I note in a public Release, which is enclosed, that the Ladies Handbag Industry is desirous of reorganizing its Code Authority.

As I promised you when you were here, I am now outlining a procedure for handling the registration of design and the steps to be taken in preventing any member of the industry from usurping any design that has been regularly registered. Of course this procedure is subject to such modifications as may be necessary or desirable in your particular industry. Conditions are dissimilar in any two Industries and what may work well in one may not be so successful in the other. This procedure, however, has met with a general approval of the Administration and it is suggestive, at least, if not entirely applicable to be used exactly as it has been drafted.

When you were here, I gave you a suggested Code provision to consider. Of course, this procedure is purely the by-laws or rules to carry out the Code provision. This procedure should not be written into the Code, but adopted as a resolution by the Code Authority and presented to the Administrator for approval.

Do not hesitate to consult with me on any matter that you may feel I can be of help.

Sincerely yours,

(Signed) Howard Heyden

NRA Trade Practice Consultant,
Compliance Division

HH/HR

Enclosure.

9811

ARTICLE IX

REGISTRATION OF DESIGNS

Section 1. Design piracy is hereby declared to be an unfair method of competition. The term 'design' as used herein, signifies designs artistic or ornamental and not functional or mechanical. No member of the industry shall imitate or copy, or cause to be imitated or copied, any design original in its application to any product of the industry, without the consent of the owner thereof, if:

(a) A drawing, photograph or model of said design has been registered with a disinterested and impartial agency to be designated by the Code Authority with the approval of the Administrator. In registering such design, the registrant shall indicate clearly the particular or particulars in which such design is original in its application to any product of the industry, shall, in addition, submit a sworn statement in which he certifies that to the best of his knowledge and belief, such design is in fact original as aforesaid, and shall specify the date of conception of such design. Such disinterested and impartial agency shall accept any design submitted for registration as aforesaid, and shall issue a certificate of registration to the registrant.

(b) Said design has been offered for sale, or said design has been applied to or embodied in articles produced under this Code or any other code affecting similar products for sale or public distribution.

(c) Said design or said article to which said design is applied or in which said design is embodied bears the mark "Registered NRA design" or "Reg. NRA Code Number", and the date of registration.

Provided, that the prohibition herein against piracy of any design shall expire six months from the date of registration thereof.

Section 2. An Arbitration Board shall be set up to settle differences occasioned by conflicts in design or priority of rights under registered designs. After all possible effort has been exerted to amicably settle such differences, the Arbitration Board shall submit to the Administrator in writing a statement setting forth the facts pertaining thereto, with recommendations as to the desired action to settle such differences.

Section 3. Nothing contained in this Article IX shall be construed to limit the protection afforded to designers or manufacturers in respect to designs under existing law.

PROCEDURE IN HANDLING CASES OF USURPATION OF DESIGN

"Design Piracy - Any member of the Industry who creates or devises a style pattern or a design pattern may file for official registration with the Pattern Registration Bureau approved by the Code Authority of the Industry, a sample of the style pattern or design pattern by attaching thereto a registration card, which, upon application, shall be furnished by the Code Authority. After such registration, and for a period of at least six (6) months, no member of the Industry shall in any manner or form, in the current interpretation of the Industry, copy, imitate, use or deal in said style pattern or design pattern without the license or consent of the registrant, excepting with the approval of the Arbitration Board as hereinafter set forth. Said registration card shall include the following: the name and address of the registrant; the date of filing of style pattern or design pattern; a brief description of the merchandise, including especial reference to its distinguishing characteristics, and a description of the machine or machines upon which the merchandise is manufactured.

Immediately upon such registration of the style pattern or design pattern, said Bureau shall make or cause to be made a full and complete search. If after such search, said Bureau finds that the style pattern or design pattern is entitled to be registered, it shall make appropriate entries of registration, it shall immediately notify said registrant that due registration has been granted. If after such search, said Bureau finds that the style pattern or design pattern is not entitled to be registered, it shall accordingly notify the Code Authority and the registrant.

If the registrant is not satisfied with the finding of said Bureau, the Code Authority, upon request by the registrant, shall refer the matter to an Arbitration Board for final determination. This Board shall consist of three members; one to be designated by the Code Authority; one to be designated by the registrant; and the third shall be the Administration member of the Code Authority to serve as Umpire. If the Arbitration Board determines that the style pattern or design pattern is entitled to be registered, said Bureau shall immediately complete registration."

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S T A N D A R D S
of
THE NATIONAL COUNCIL FOR DESIGN PROTECTION
For Design Registration Service

1. Appointment of Committee on Design Registration:

A Committee of three or five persons shall be elected by each industry. The duties of this Committee shall be

a. Prescribing of rules and regulations for the conduct of the service under the guidance and with the advice of the staff of the Design Registration Bureau.

b. Acting as an Appeal Committee in case of dispute regarding judgment of the Bureau as to conflict between designs.

2. Rules and Regulations: The Committee shall, on the basis of the needs of each industry, determine for the guidance of the Bureau, the following policies:

a. The length of time to be given the Bureau for passing upon the design.

b. The period of protection (i.e., one year; five years, etc.)

c. What shall be considered staple or standard designs - that is, those not rightfully monopolized by one firm.

d. Determination of the form in which designs will be submitted to the Bureau.

3. Establishment of a Design File: To inaugurate design registration service, the following steps are necessary:

a. A request shall be issued by the authorized committee to everyone in the industry, requesting the filing with the Bureau by a certain date, of all designs being used by each individual owner.

b. A classification system for grouping the designs according to major types shall be prepared with the mutual cooperation of the Committee and the Bureau's staff.

c. The Committee will determine the basis upon which the Bureau will accept as registerable, designs received in the initial lot, that is, whether all but those previously classified as staple or standards shall be registered, in which event, duplicates

of registerable designs shall be decided on the basis of priority of receipt or such other basis as the Committee may decide to be fair and equitable, or, to accept for registration only those designs not duplicated in the initial collection. All others to be considered as staple or standard at the time of establishing the Bureau. (It may be that in this collection, there will be patterns classified as staple or standard, which later would be entitled to registration if submitted without duplication.)

4. Settlement of Disputes Regarding Registration or Use of Designs: Disputes regarding rejections made by the Bureau shall be referred to the governing committee for the industry upon the request of the owner of the design. A fee shall be fixed by the Committee for the hearing of such appeals, in order to cover the additional cost of handling the details, and also to eliminate objections that are not made in good faith.

In the event of the ownership of a design being disputed, or where arrangements are to be made for cross-licensing of a certain design between one or more parties, the matter shall be adjusted by arbitration, in accordance with the rules of the American Arbitration Association.

PROVISIONAL RULES
of the
NATIONAL COUNCIL ON DESIGN PROTECTION
for the
DESIGN REGISTRATION BUREAU

The National Council on Design Protection adopts the following Rules of Procedure for the registration of original designs, trade names and trademarks in the Design Registration Bureau.

I. Application for Service: Any trade association or industrial group operating under a Code of Fair Competition which contains a provision constituting the imitation or simulation of original designs, trade names or trademarks an unfair trade practice, or any such association or group establishing such standards may apply to the Council or to the Bureau for the use of its facilities for its members. Extension of the use of facilities to such members shall be through the medium of such association or group. The Council shall approve of such application before the service of the Bureau is made available; and such trade association or group subscribes to these Rules for its members.

II. Institution of Service: Each trade association or industrial group applying for service shall obtain from its members a complete record of all designs, trade names or marks owned by such members, before a specified date, and shall sort these according to type and date and shall file them with the Design Registration Bureau.

III. Definitions: Each association or group, within the terms of its industry, shall define the meaning of original design, or pattern, what shall constitute a staple, and shall fix the period of time for which registration shall run for the protection of a design and the terms of its renewal.

IV. Requirements for Registration: Any member of an industrial group entitled to apply for registration of a design, trademark or trade name, shall accompany such application with a sample, original sketch, copy or model for purposes of identification and such application shall contain the name and address of the person and if a firm in addition thereto, the signature of the firm's officer or authorized employee and the legal seal if the applicant is a corporation, together with such other information as the Bureau may require. Each application shall be accompanied by the fee fixed by the Bureau and the association or group for such services.

V. Fees and Expenses: The fee to be paid by each applicant for each article submitted for registration shall be fixed according to schedule by the Bureau and association or group, and may be adjusted with their joint approval or in the discretion of the Bureau. If the design is not registered, part of the fee shall be returned, according to the above schedule. The Bureau and the association or group may also fix the initial expense for installing whatever additional facilities may be necessary to institute the proper service for that industry.

VI. Proceedings: All designs, tradesmarks and names submitted for registration are held in absolute confidence, and no one but authorized members of the Bureau staff shall be permitted to examine the files or have access to the filing rooms. Immediately upon receipt of the application, together with the date required, it is examined by esperts, checked with the files and a thorough search made to determine whether it is a duplicate or similar to one already registered. If it is subject to registration, a photostat copy is returned to the applicant, with a certificate of registration; if it is not subject to registration, the article is returned to the applicant stating the reason therefor. Appeals from the decision of the Bureau may be taken in the manner hereinafter provided for.

VII. Design Labels and Stamps: Any applicant who is granted a registration duly certified by the Bureau is entitled to use the design label or stamp of the Bureau on such articles as are registered. Upon application, these will be furnished by the Bureau at a price to be agreed upon.

VIII. Special Instructions: The Bureau may issue from time to time special instructions of a technical nature to trade associations or industrial groups dealing with such matters as making of samples, drawings and sketches and models, wrapping and marking of the above, methods of notification and similar matters for each industry for distribution to its members.

IX. Appeals: Any dispute regarding rejections by the Bureau shall be referred to an Appeals Committee established by the Council for the Bureau, upon the request of the applicant whose design was rejected. A fee shall be fixed by the Appeals Committee for the hearings in order to cover the additional cost of handling the details and also to eliminate objections that are not made in good faith. The members of this Committee shall serve without compensation.

Whenever the ownership of the design or mark or name is in controversy or when arrangements are to be made for the cross-licensing of a design between one or more parties, the matter shall be submitted to arbitration in accordance with the rules of the American Arbitration Association.

X. Complaints: Any complaint regarding the imitation, simulation or copying of a design, trademark or trade name, shall be filed with the Bureau which will immediately institute an inquiry and endeavor to make an adjustment in accordance with the findings. Upon the failure of such adjustment, the matter shall be reported to the Code Authority of the industry as constituting a violation of the Code, and for settlement it may be referred to arbitration under the Rules of the American Arbitration Association upon request of both parties.

Xl. Committee: Each industrial group or trade association shall establish a Design Protection Committee to cooperate with the Bureau in the administration of these Rules and to recommend alterations therein. The Committee may recommend the establishment of a separate division in the Bureau for handling registrations referred by its members, but such division shall be under the guidance and supervision of the staff of the Bureau and subject to these Rules.

XII. Representation on Council: Each trade association or industrial group using the facilities of the Bureau shall be entitled to one representative on the Council, such representative to be chosen by the association or group.

XIII. Amendments: These Rules may be amended by the Executive Committee of the Council on request of the association or group, and a hearing thereon shall be granted at its request.

TEXTILE DESIGN REGISTRATION BUREAU
468 FOURTH AVENUE
NEW YORK, N. Y.

June 11, 1934.

Mr. A. Mitenthal
Code Administrator, Handbag Industry
303 Fifth Avenue
New York, N. Y.

Dear Mr. Mitenthal:

You have asked me to outline for you briefly our plan for design registration as we follow it with the Industrial Design Registration Bureau. First of all, I might say that this plan is essentially to prevent piracy and therefore it involves a method of filing photostatic copies of designs which form a filing system whereby new designs after they are received, are compared with those already filed and given or denied registration.

As you stated that the Handbag Industry did not want complete protection at this time, that is, compulsory submittal of every design, the service in this case would consist of receiving such designs as the industry desired to have registered, thus establishing a date of first use which later, if desired, could be used by your Code Authority as a means of enforcing your piracy clause, forbidding, I understand, the copying of designs in the industry.

The handbags are submitted in whatever form you wish, together with information as to what are considered the "registerable features;" in other words, what particular features of the bag are considered new and different.

As in every other industry, we assume that there are certain staple types of bags on which no one is entitled to protection. These would be classified by the Bureau as staples. The extent of protection would be that of substitution by the average layman in accordance with previous precedents laid down in Patent Office cases.

The charge, subject to confirmation by our Committee on Design Registration, would be probably $5 a design with a fee of $2 if the design is rejected. This, we believe, would cover the expenses of the Bureau, but it is our custom, when extending this service, to require a guaranty from the organization requesting it to the effect that any deficit at the end of a specified period shall be met by the industry, and that this guaranty shall also prevail if, at any time, the service is discontinued by the industry.

We do not believe, however, that there would be any occasion for the exercise of this guaranty if the fee is $5. I informed you the other day that the fee was $4, but I find now that the minimum for which we will take a new service will be $5.

I should be very glad to give you additional information if desired, and enclose a set of standards for design registration service which was prepared for the use of other industries desiring to avail themselves of our work.

If your organization is interested, I shall be glad to take the matter up with our Committee on Design Registration at the earliest opportunity.

Yours very truly,

(Signed) I. L. BLUNT
Director

ILB:MDP
Enclosure

E X H I B I T R

Compliance Report

EXHIBIT R.

COMPLIANCE ANALYSIS, NO 900

MEMORANDUM TO L. S. Bendheim, 524 Barr Bldg.

FROM: J. J. Reinstein, Acting Chief, Coordinating Branch,
Compliance Division, NRA

October 24, 1935

Labor Analysis of Complaints under Code Ladies Handbag Ind.

1. Face sheet Carbons of Complaints docketed at N.R.A. State Offices

Dates range from July 25, 1934 to May 24, 1935

Total number of face sheet carbons 109
(One face sheet may contain several violations)

Type of Violation	No. of Complaints
Wage Group	83
Art. IV, Wages below minimum	71
Art. IV, Sec. 4 Piece work fails to equal minimum	5
Art. IV, Seeking back wage	3
Art. IV, Sec. 5 - Reducing wages	1
Art. IV, Failure to pay correct overtime	3
Hour Group	58
Art. III Hours exceed maximum	56
Art. III - Sec. 5, Total no. hours for 2 employers exceed max.	2
Other Violations	19
Art. IV, Par. 10 Home Work	7
Art. V, Sec. 5 Improper Class of Employees	3
Art. V, Par. 1 Employing Minors	6
General Labor Provisions	3
Total number of complaints filed	160

Complaints filed by:

Code Authority	20
Individual and Others	87
N. R. A. Office	2
	109

DEFINITIONS:

A face sheet is a summary from prepared by a State Office to be placed on top of the case file when a complaint is accepted for investigation. It shows the state office receiving the complaint, the docket number, name of respondent and complainant, the code violated, and gives a summary of the type of alleged violation, specifying the article and paragraph of the code provision.

Compiled by_____

Date_____

9811

Memorandum To Mr. L. S. Bendheim, 524 Barr Bldg.

From: J. J. Reinstein, Acting Chief, Coordinating Branch,
Field Division, N. R. A.

Subject: Summary of N.R.A. State Office complaints

Ladies Handbag CODE

Cumulative total through May 27, 1935

	LABOR	TRADE PRACTICE
Date of earliest complaint	3/21/34	5/26/34
Total docketed	207	28
Investigated complaints Adjusted	82	16
No violation found	61	5
Bookkeeping rejections	17	2
Referred to District Attorney		
Federal		
State		
Compliance Division, or Regional Office	13	1
Code Authority, in first instance, prior to June 15, 1935		
N.R.A. insignia removed by State Directors in service trades		
On hand, May 27, 1935	34	4

DEFINITIONS:

These are cumulative totals of code complaints handled by N.R.A. State Offices from the date of the earliest complaint through May 27, 1935. Series as a whole begins November 11, 1933. Complaints handled by code authorities are not included in this summary.
Complaints docketed include complaints received and accepted for investigation. Prior to June 16, 1934 all receipts including complaints immediately rejected were reported in the intake figures.

Investigated complaints, are reported adjusted when a certificate of compliance is secured. Investigated cases in which no violation is found have been reported separately since June 16, 1934. Formerly they were included in "adjusted" figures.

Bookkeeping rejections: Complaints cleared from the docket for this code, because of referral to Code authorities or other special adjustment agencies after docketing. Complaints dropped from the special suspense file with the permission of the Field Representative are also included.

Referred to Code Authority in first instance. Prior to June 16, 1934 complaints referred to code authorities in the first instance were included in the intake, and reported as referred to the code authority. After that date complaints referred to officially authorized code authorities were reported on another form, and were not shown here.

N.R.A. insignia removed by State Directors, are reported only for service trades in which trade practice provisions are suspended, and in the Restaurant trade.

Date 10/24/35
Statistics Section
Field Division

MEMORANDUM TO Mr. L. S. Bendheim 524 Barr Bldg.

FROM: J. J. Reinstein, Acting Chief, Coordinating Branch,
Field Division, N. R. A.

Subject: Summary of Compliance Division and Regional Offices cases (a)

Ladies Handbag CODE

	LABOR	TRADE PRACTICE	LABOR AND TRADE PRACTICE
Docketed	13	0	1
Closed by Administrative action (b)	6	0	1
Referred to Litigation	5	0	0
Blue Eagles Removed	(3)	0	0
On hand May 27, 1935	2	0	0

(a) Prior to January 1, 1935, cases were docketed in Compliance Division, Washington.

(b) Adjusted or dropped.

This is a report of cases referred by N.R.A. State Offices or by the Code Authority to the Compliance Division, or, after January 1, 1935, to the Regional Offices for special administrative action. See also the report showing cumulative totals of complaints under the Code handled by N.R.A. State Offices.

Date 10-24-35
Statistics Section,
Field Division.

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
347 Fifth Avenue
New York

STATISTICAL REPORT

September 30, 1934

Number of Investigation Made	567
Non-Compliance Cases pending	58
Non-Compliance Cases closed	105
Restitution:	
Number of firms	43
Number of individual employees	814
Total amount paid	$11,393.53
Approximate amount pending	$ 8,000.00
Number of Manufacturers	325
Number of contractors	173
Approximate Number of Workers Employed in the Industry	15,800
Number of Phone Calls Per Day	42
Number of personal interviews per day	36

October 31, 1934

Number of Investigations Made	807
Non-Compliance Cases pending	72
Non-Compliance Cases closed	130
Restitution	
Number of firms	47
Number of individual employees	901
Total amount paid	$13,024.22
Approximate amount pending	$10,200.00
Number of manufacturers	498
Number of Contractors	173
Approximate Number of workers employed in the Industry	15,800
Total Number of labels distributed as of November 2, 1934	15,533,800
Number of phone calls per day	45
Personal interviews per day	39

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
347 Fifth Avenue
New York

STATISTICAL REPORT

November 30, 1934

Investigations --

Number previously reported	807	
Number made during November	274	
Total		1021
Number Non-Compliance Cases Pending	72	
Number Closed During November	90	

Restitution --

Number of firms	53
Number of Individual Employees	934
Total Amount Paid	$13,347.39
Approximate Amount Pending	$10,000.00

Analysis of Industry --

Number of Manufacturers	332
Number of Contractors	165
Aproximate Number of Workers Employed	15,800

Total Number of Labels Distributed 19,528,800

Office Routine --

Number of Phone Calls per day	48
Personal Interviews per day	41

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
347 Fifth Avenue
New York

STATISTICAL REPORT

Investigations --

Number previously reported	1021	
Number made during December	326	
Total		1347

Number Non-Compliance cases Pending	56
Number Closed during December	49

Restitution --

Number of Firms	60
Number of Individual Employees	1008
Total Amount Paid	$ 13,891.14
Approximate amount pending	$ 12,640.10

Analysis of the Industry

Number of Manufacturers	332
Number of Contractors	165
Approximate number of workers employed	15,800

Total number of Labels Distirbuted 21,155,000

Office Routine --

Number of phone calls per day	36
Personal interviews per day	41

January 31, 1935

Investigations --

Number previously reported	1407	
Number made during January	459	
Total		1866

Number of Non-Compliance Cases pending	62
Number closed during January	26

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
347 Fifth Avenue
New York

STATISTICAL REPORT

January 31, 1935

Restitution --

Number of Firms	63
Number of Individual Employees	1,031
Total Amount Paid	$14,625.84
Approximate amount pending	$13,480.00

Analysis of the Industry --

Number of Manufacturers	332
Number of Contractors	165
Approximate number of workers employed	15,800

Total number of labels distributed as of January 28 — 24,901,000

Office Routine --

Average number of phone calls per day	37
Average number of personal interviews per day	39

February 28, 1935

Investigations --

Number previously reported	1,866	
Number made during February	554	
Total		2,420

Number of Non-Compliance Cases Pending	91
Number closed during February	22

Restitution --

Number of Firms	64
Number of Individual Employees	1,033
Total Amount Paid	$14,668.30
Approximate amount pending	$16,000.00

Analysis of the Industry --

Number of Manufacturers	337
Number of Contractors	175
Approximate Number of workers employed	15,800

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
347 Fifth Avenue
New York

STATISTICAL REPORT

February 28, 1935

Total Number of Labels distributed as of February 28 — 28,590,500

Office Routine --

Average Number of phone calls per day	36
Average Number of personal interviews per day	37

E X H I B I T S

Interpretation - Order 332-10

EXHIBIT "S"

NATIONAL RECOVERY ADMINISTRATION

INTERPRETATION

No. 332-10

Name of Code: Ladies Hand Bag Industry, Approved Code No. 332

Part: Article V, Section 10

Applicant: Code Authority of the Ladies Hand Bag Industry, 303 Fifth Avenue, New York, New York

Facts: It is provided in Article V, Section 10, of the Code of Fair Competition for the Ladies Hand Bag Industry, in part, that

> "No member of the Industry shall give out work to be performed in any home or dwelling place, except that this prohibition shall not apply to hand-beading, hand-crocheting, or hand-embroidery. . . "

and it appears that certain types of hand bags are manufacturered from numerous pieces of leather, linked together, by a process of interlocking by hand and that said process is sometimes known as "hand-crocheting".

QUESTION: Is the manufacture of ladies hand bags from numerous pieces of leather linked together by a process of inter-locking by hand included under the term "hand-crocheting" as used in said provision of said Code?

INTERPRETATION: It is ruled that the manufacture of ladies hand bags from numerous pieces of leather linked together by a process of interlocking by hand shall not be included under the term "hand-crocheting", as used in said provision of said Code.

RECOMMENDED:

EARL DEAN HOWARD (Signed)
Earl Dean Howard
Deputy Administrator

APPROVED:

SOL A. ROSENBLATT (Signed)
Sol A. Rosenblatt
Division Administrator
Division No. 5.

9811

E X H I B I T T

Breakdown of Code Authority

EXHIBIT "T"

Name & Connection	Factory Location	Kind of Goods Mfgd.	Annual Sales Volume	Employees: Number of
S. Mutterperl, Pres. Sol, Mutterperl, Inc. 330 Fifth Ave., N. Y. C.	New Bedford, Mass.	$1.00	650,000	330
G. Meyers, Pres. Meyers Mfg. Co., Inc. 330 Fifth Ave., N. Y. C.	So. Norwalk, Conn.	1.00	900,000	450
*M. White, Pres. Stylecraft Leather Goods Co. 501 Seventh Ave., N. Y.	Scranton, Pa.	1.00*	750,000	246
H. Schoenfeld, Pres. Schoenfeld & Wolf, Inc. 14 East 33 St., N. Y. C.	Trenton, N. J.	1.00 & 3.00	250,000	32
W. Kadin, Treasurer Kadin Brothers Inc. 132 West 36 St., N. Y. C.	Hudson, N. Y.	1.00 & 3.00	900,000	100
M. H. Blumenfeld, Pres. Mirro Leather Goods Co. Inc. 402 So. Market St. Chicago	Chicago, Ill.	1.00 & 3.00	200,000	78
S. R. Goldsmith, Pres. Goldsmith Bros.Mfg.Co.Inc. 38 West 32 St. N.Y.C.	Allentown, Pa.	3.00 to5.00	600,000	400
*J.Michel, Pres. Michel, Maksik & Feldman, Inc. 159 Madison Ave. N. Y. C.	Clinton, Mass.	3.00 & 5.00*	1,000,000	325
I. Schoenholz, Pres. Schoenholz & Weeks, Inc. 15 East 32 St., N. Y. C.	New York	5.00 & Upwards	75,000	35
R. Koret, Pres. Koret, Inc. 33 East 33 St., N. Y. C.	New York	5.00 & Upwards	450,000	250
H. Immerman, Pres. Bagcraft Mfg. Inc. 30 East 33 St., N. Y. C.	New York	5.00 & Upwards	150,000	50
M. Magid, Pres. A. I. Magid Company 14 East 33 St., N. Y. C.	New York	Bead Bags	250,000	27

Name & Connection	Factory Location	Kind of Goods Mfgd.	Annual Sales Volume	Employees: Number of
*A. Greenbaum, Treas. Chic Bag Co., Inc. 6 East 32 St., N. Y. C.	Bethlehem, Pa.	Fabric Bags	800,000	132

*Appointed by Administration Member but approval not given until a few days before the close so that these men did not sit upon the Board.

The following is a general breakdown of the industry on dollar volume basis:

Bags selling up to $1.00 at retail	30%
Bags selling from $1.00 to $3.00 at retail	40%
Bags selling from $3.00 to $5.00 at retail	20%
Bags selling from $5.00 and upwards at retail	10%
Beaded Bags 7% of above total percentage	
Fabric Bags 15% of above total percentage	

E X H I B I T U

Paul Abelson's Report

EXHIBIT "U"

April 19, 1934

Dr. Paul Abelson
Special Millinery Board
8 West 37th Street
New York, N. Y.

Dear Dr. Abelson:

Your appointment as Administration Member to the Handbag Code Authority is now going through. I will write Mr. Mittenthal to that effect.

I am very anxious that that Code Authority send me at the earliest possible moment the definition they propose for the semi-skilled workers.

I have just suggested to the Director of the Men's Garter, Suspender and Belt Code Authority that he confer with you concerning impending labor difficulties of certain of his members. He came to me for advice and I happened to think that here was a little situation that might interest you. The gentleman's name is Mr. Kendrick who is well known to us and for whom we have a very high regard.

Yours very sincerely

Earle Dean Howard
Deputy Administrator

edh/g

NATIONAL RECOVERY ADMINISTRATION
Special Millinery Board
Under Executive Order of December 15, 1933
8 West 37th Street
NEW YORK CITY

April 18th, 1934

Dr. Earl Dean Howard,
Deputy Administrator
National Recovery Administration,
Washington, D. C.

Dear Dr. Howard:-

I have your letter of the 17th inst. concerning the Hand Bag Code.

My information is that the meeting of the Code Authority scheduled for April 19th, 1934 has been postponed because of the absence of the Chairman of the Code Authority from the City.

In the meantime, Mr. Pearson who had told me about the meeting on Thursday, had arranged for a meeting between him, myself and a group of protesting manufacturers, some who are on the Code Authority and some out. They speak for the National Association of Ladies' Hand Bag Manufacturers. We spent several hours with them.

Aside from the petty jealousies and desires for paying jobs on the Code Authority, I gather that there is a basic conflict between these out of town manufacturers and the New York people.

I have of course expressed no opinion but simply suggested that an effort be made to have harmony within the Trade before these people run to Washington and try to block the work of the Code Authority as it is at present constituted.

However, this need for harmony within the Code Authority ought not to interfere with the formulation of a definition of the term 'semi skilled employee'.

If you have not written to Mr. Mittenthal, perhaps it would be well for you to write him as you did in the case of the Infants' Wear so that they may know of the Administration's decision to have me the Administrative member on that Code. I shall communicate with Mr. Mittenthal, nevertheless, as you suggest.

May I suggest that if writing to me on matters other than Special Millinery Board that you address letters to my office, #11 West 42nd Street, New York City. I am not always at the Special Millinery Board in the morning so that important communications from you might be delayed if you continue to address them to me at #8 West 37th Street, New York City.

Very sincerely yours,

PA:ge /s/ PAUL ABELSON

9811

E X H I B I T V

Code Authority Report - Virginia Art

EXHIBIT V

August 31, 1934.

Mr. Leigh N. Ore
Assistant Deputy Administrator
Commerce Building
Washington, D. C.

Dear Mr. Ore:

The Virginia Art Goods Studios, Inc. presented a petition for an amendment to the Code of Fair Competition for the Ladies' Handbag Industry by adding to Article IV of the Code, the following section:

(a) In the States of Virginia, North Carolina, South Carolina, Georgia, Florida, Mississippi, Louisiana, Alabama, Tennessee and Texas, the minimum wage for unskilled employees shall be 30¢ per hour.

(b) The minimum wage for semi-skilled employees shall be 37½¢ per hour.

(c) Le rners may be employed for a period of not exceeding ten weeks at a minimum wage of 24¢ per hour, provided that the number of such learners shall not at any time exceed 15 per cent of the entire number of employees.

The petition was supported by the following documents:

(a) Copy of letter, dated March 30, 1934, from Robert D. Ramsey, Business Manager of the Chamber of Commerce of Lynchburg, to James C. Worthy, Assistant Deputy Administrator, National Recovery Administration.

(b) Affidavit of Mamie E. Rohr, President of Virginia Art Goods Studious, Inc.

(c) Affidavit of Edmund Waltuck.

(d) Affidavit of O. H. Tufts.

The Virginia Art Goods Studios, Inc. states that a copy of its petition was also sent to Col. H. S. Berry, Deputy Administrator.

After careful consideration of the statements made and the evidence presented in these documents, the Code Authority, at a meeting held August 30, 1934 at the Hotel McAlpin, voted to deny the petition of the Virginia Art Goods Studios, for an amendment to the Code in which they request:

(a) to be granted a differential in wage rates in favor of the southern territories.

(b) to fix a minimum wage for semi-skilled workers at 37½¢ per hour.

(c) to permit learners for a period of ten weeks at a minimum wage of 24¢ per hour, not to exceed 15 percent of the entire number of employees.

The Virginia Art Goods Studios, Inc. in support of their petition claim that the manufacturers of Ladies' Handbags in the northern states have skilled labor who work with a "speed which can be equalled only by equally skilled experienced labor".

Fifty percent of the handbag industry is located outside the metropolitan area of New York in which no experienced help is available, and the manufacturers obtain their workers in the same manner as does the Virginia Art Goods Studios, Inc. In the metropolitan area of New York, in which experienced help is available, the wages paid such help is from two to three times more than paid the inexperienced help.

The Virginia Art Goods Studios, Inc. claim that they are pioneers in their locality.

The records show this firm has been established over eight years, and that during the past five years, they have enjoyed a large volume of business in the industry, employing at times as many as 168 workers. These workers have all had some training by this time, and are available mostly at the minimum wage rate. The question whether the labor in Lynchburg, Virginia, can compare with northern workers in volume in speed of production is not determinable, since the kind and quality of work varies in each factory, and lack of production frequently the result of inefficiency in factory managements as has been disclosed through investigation made in other industries in which similar claims have been made.

The statement of the Virginia Art Goods Studios, Inc. that "the practical and inevitable result is that the Virginia Art Goods Studios, Inc. cannot successfully compete with other manufacturers whose output per capita of employees is so much greater"--this merely expresses their opinion.

The loss sustained by the Virginia Art Goods Studios, Inc. during the year 1933 may have been due to a dozen or more causes, and to have this Company claim that such losses resulted from increased labor costs, is merely expressing a convenient conclusion. Any increase in labor costs might have been included in the cost of their product, or they may have offset this increase by taking the difference out of the value of materials, if they fail to do so, they cannot justly attribute it to increased labor costs.

From the figures furnished by the Company of their sales and sales costs, it would appear that they are pricing their goods without a safe and adequate profit.

The test of efficiency in workers made by their production manager, is not based on facts, it is merely expressing his individual opinion.

The statement that the products of the Company are sold at a higher price than the products of northern factories is not sustained, particularly since this Company manufactures a unique line of handbags, different from the bags manufactured by other firms in the industry, and further they are protected by patents which they have attested to.

The Virginia Art Goods Studios, Inc. do a good volume of business and they are rated financially as one of the outstanding firms in the industry.

It is not necessary for the Virginia Art Goods Studios, Inc. to obtain lower wage rates in order to compete with factories in the northern territory, and the fact that they have suffered a small loss during the year 1933 is due to the same reasons that caused other factories in the industry to suffer larger losses, all due to the fact that they are trying to give too great values at the prices.

The request to amend the Code to allow a wage rate of 37½¢ for semi-skilled workers cannot be considered since there is no definition of a semi-skilled worker in the Code.

The request to amend the Code to permit learners is denied by the Code Authority at the present time, and until the Code shall be amended by agreement with the Administrator to provide learners for the entire industry.

The Virginia Art Goods Studios, Inc. has been operating under a stay since the effective date of the Code, March 26, 1934. This stay expires September 1, 1934. The Code Authority protests against the continuance of this stay beyond September 1, 1934, since the Virginia Art Goods Studios, Inc. had the entire month of August during which they might have submitted their petition. However, they failed to do so until August 27, 1934, and they are now requesting that the exemption period should be extended to such date as the anticipated hearing shall have been held, and the proposed amendments disposed of.

Very truly yours,

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY

AM:AS

A. Mittenthal
Code Director

9811

E X H I B I T W

Brief, answer to the same; correspondence on the Meeker Company

EXHIBIT " "

THE MEEKER COMPANY, INC.
Fine Leather Goods

JOPLIN, MISSOURI

Conditions affecting the MEEKER COMPANY'S operations under the LADIES HANDBAG INDUSTRY CODE No. 332, adopted March 14th, 1934.

The following are some of the handicaps under which the Meeker Company, Joplin, Missouri, are operating, due to their isolated position in this field of manufacturing. None of these handicaps were given any consideration in the formation of the Code, which after several months of hearings and controversies was adopted and put into effect in March, 1934.

All of these handicaps were called to the attention of the eastern manufacturers formulating the Code and the NRA authorities in Washington, but no consideration was given, and our subsequent protests were in nearly all cases not even answered.

Joplin, Missouri, is located 1400 miles from New York City. Practically all ladies' handbags are manufactured by concerns in New York City and that immediate vicinity, where there are several hundred manufacturers, large and small.

Nearly 100% of the materials used in fabricating ladies' handbags, consisting of leather, metal frames, silks, mirrors, paper, wadding, buttons, backing cloth, cement, zippers, and a few other items, are purchased in New York City and in the New England States.

The Meeker Company, in purchasing such materials, is handicapped in competition with the New York manufacturers, in that heavy freight, express and parcel post charges have to be paid; charges that the New York manufacturer does not have to bear. These charges, in addition to traveling expenses going to market, telegraph and other expenses, amounted to 2.2% of our gross sales for the year 1934, and expense the New York manufacturer does not have. New York, being a style center, it is necessary that the Meeker Company send representatives to New York City and vicinity frequently during the year to buy materials and contact for new styles, observe style changes and ascertain style trends, the handbag business being a rapidly changing style proposition.

The eastern manufacturers located in New York City and vicinity, where there are many factories, have an abundance of skilled labor to draw from. Here in Joplin, Missouri, there are no other handbag manufacturers, making our labor situation very difficult, as there are peak seasons of manufacturing at which time, in the absence of trained help, we are compelled to employ learners who know nothing whatever of our line of work and who in most cases have had no factory experience of any kind whatever.

We have appealed to the NRA Administrators in Washington and to the Code Authority for the ladies' handbag Code, located in New York, for the privilege of employing learners at less than the minimum wage the Code carries, but have in every case been turned down or our pleas entirely ignored, although the Code that is now in effect provides that the Administrator may, if he sees fit, provide for the employment of learners at less than the minimum wage for a short period.

The Code Authority, being located in New York City, composed of a New York personnel, it is evident that they consider the handbag manufacturing business from a metropolitan, eastern, or New York standpoint only, and are not inclined to give any consideration to our isolated position in the industry; yet we pay Code dues regularly and abide by it in every way, getting nothing out of it except this added expense and detrimental effects.

We have no wage differential to which we think we are justly entitled, and which was provided for in the original draft of the handbag Code, but which provision was left out, we found, when the handbag Code finally was announced as being in effect. As mentioned, there is a learners provision in the Code, but the Administrator has never seen fit to give us any relief under it. The net results to us under the Code have been that we are compelled to pay the same minimum wage for inexperienced help, without even a short period in which to teach them to do our kind of work, that the New York manufacturer is compelled to pay for experienced help. The handicap to us can be readily seen.

The Meeker Company's factory payroll for 1934 was $125,806.00, which is 30.1% of our volume of sales for the year, which is a 19% increase over 1933. Our year's operation for 1934 showing a net loss. As a result of these handicaps, we have been forced to discontinue making certain competitive lines, lines that the eastern manufacturers apparently are making successfully. Our business so far this year being 33-1/3% less in volume than 1934. Naturally we are employing less people at the present time than we were employing last year and would employ under fair competitive conditions. As an example, last year at this time we were employing 176 people, while at present we are employing 42.

Another handicap to which consideration should be given is on account of our long distance from material market we are compelled to carry heavy inventories that the eastern manufacturers do not have to carry.

Relative to a wage differential which we feel we are justly entitled to under the circumstances as enumerated, it should be borne in mind that the cost of living in Joplin, Missouri, is much less than the cost of living in the eastern and metropolitan centers. If we were conceded the differential which our handicapped position in this field of manufacture plainly indicates we are entitled to, we would be in a position to employ more labor than we are able to employ at present, as we could again resume lines we have had to discontinue, thus being more of a benefit to our community and be on a better basis as a firm.

The Meeker Company has been in business more than twenty-five years, and has never been located anywhere except here in Joplin. Our products are sold to department stores and other retail outlets throughout the entire United States.

Another handicap of some importance is that in selling our product in some of the big eastern cities, particularly New York City, to make such sales we are compelled to pay the transportation charges to the customer to equalize the transportation cost with that of the manufacturers in New York close to the customer where no transportation charges are involved.

Another angle to our situation is that while we are the only handbag manufacturer in out town, or for that matter, in this entire section, - in fact, the largest handbag manufacturer west of the Mississippi River, - there are in our city, garment manufacturers and other manufacturers in other towns in our immediate vicinity. Also, there are a number of shoe manufacturers not in our city, but in our vicinity, none of whom are compelled to pay the high minimum rate of pay which we have, and all other lines of such manufacturer have a learners provision in their Code, whereby they can employ green help for a certain length of time at 80% of the minimum wage until they learn, at least in a measure, how to perform the work they are doing in a satisfactory volume. Of course, in these other lines where there are a lot of shoe factories in the state, a lot of garment manufacturers in the state, they had sufficient representation when their codes were formulated to exert an influence so as to enable them to get fair consideration. We have had no one to cooperate with us in our line of manufacture. Therefore, the Code was formulated and put into effect and is being operated today solely from the viewpoint of the eastern or New York manufacturers, and no consideration given to our concern.

We cannot maintain a representative in Washington to attend all the hearings and make effort to get conditions or rulings that we are justly entitled to. Therefore, our condition must be relieved or else we will be compelled to pass out of this line of manufacture, as much as we would regret to do so. If we are forced from this field, of manufacturing, it would mean the loss of employment for around 200 people, leaving our town without a payroll which is much needed, and many heads of families without employment and us with a lot of equipment for which we will have no use. Out progress in this field will have been made in vain.

In general, the Code we are operating under now, that is functioning against the interest of our business, is forcing us out of lines of manufacturing; and if continued, will in all probability force us entirely out of the handbag business; and to which we are compelled to pay Code fees that last year amounted to more than $1,000,000, a year during which, on account of the restriction under which we are compelled to operate, the heavy taxes of one kind or another that we have to pay, caused us to do a year's business not at a profit, but at a heavy net loss for the year's operations, a loss we cannot continue to bear.

THE MEEKER COMPANY, INC.

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THE MEEKER COMPANY, INC.
Joplin, Missouri

March 8, 1935

Mr. Howell Cheney
Industrial Advisory Board
National Recovery Administration
Washington, D. C.

Dear Sir:

With reference to your recent communications relative to our position in the handbag industry and our contention that we should have a wage differential, and that we should be permitted to employ learners at less than the minimum wage.

We want you to know that we fully appreciate the interest you are taking in our case. It is the first real interest that has ever been shown by anyone connected with the Administration, with none shown by the Code Authority.

We particularly appreciate the advice in your letter of February 19th that we endeavor to interest different agencies you mention in testifying as to the conditions we are operating under in order to show that we are really entitled to what we are contending for.

The Code as it now stands provides for learners if the Administrator sees fit to grant such. We have been unable to get the Code Authority or any of the Washington authorities that have heretofore been watching this Code to give us such permission; all of them probably feeling that if they were to grant us the privilege of working learners at less than the minimum wage, they would probably have to do it for other manufacturers. Others may be entitled to such provisions the same as we are.

We realize there is a surplus of experienced labor in the East, but there is no such surplus here in our town; nobody employing labor of our kind except ourselves. There are no other concerns of our kind in this part of the entire country.

As for the differential that we think we are justly entitled to, when the public hearing on the Code was held in December 1933 in Washington, which was the only meeting we have attended, no objection to a differential was voiced by the New York people.

A letter addressed to the writer by Mr. A. Mittenthal, who now heads the Handbag Code, is enclosed. This will show you the attitude that then prevailed as to our contention for a differential, and apparently the reason it was not incorporated in the Code when it was finally adopted.

If you will be good enough to return this letter it will be appreciated. The explanation and sentiment of Mr. Mittentnal as outlined in this letter might be detrimental to him were the contents of this letter generally known.

If the New York manufacturers were inclined to be fair-minded toward us as a competitor, they should give consideration to our position in this field of manufacture. Naturally we do not know what their cost of manufacturing is. Our cost was a little more than 30% of our sales last year.

As we have time and again advised the Code Authority and the NRA officials whenever we had the opportunity, that practically all of our supplies are bought in New York City and that immediate vicinity, necessitating heavy transportation charges that the New York manufacturer does not have to bear. Also it takes time to get our materials, and requires that we carry heavier inventories, all of which should be given consideration to if it is intended that we should be on a fair competitive basis.

As for the various factors entering into the labor turnover, our situation is different from the New York manufacturers in that they have experienced help that is idle, willing to be employed, that they can secure. With us on account of the seasonal variations, it is impossible for us to at all times maintain our factory force with experienced help, and our contention is that when we are compelled to employ learners we should not have to pay them the minimum wage that the New York manufacturer can get skilled help for, until they acquire some degree of skill.

We have little hopes of obtaining any relief thru the Code Authority. They are New York men thoroughly familiar with New York conditions, interested only in New York conditions and not familiar with our situation. Apparently they are afraid if they make rulings to put us on a fair competitive basis it will disrupt the situation in the East, which might or might not be true. However, it is our own business that we are trying to carry on and unless the feeling that we should not be manufacturing handbags here in Missouri exists, they should be willing to be fair and give just consideration to our position.

We have already been forced out of certain lines for which there is a demand that the East is supplying. Our business so far this year is approximately 33 1/3% off from last year.

Relative to equipment, we have every contrivance that we know of to reduce the cost of production. We have United Shoe Machinery Company's machines in our place wherever we can find an economical place for them. We feel that we know how to run our business and we are as alert as any of them when it comes to manufacturing processes.

We would have no cause to complain relative to the Code if we had a wage differential to which we know we are entitled, and if we could get authority to employ learners at less than the minimum wage for a time until they can get familiar with our work and be able to earn the minimum or more. We are not asking that the Code be abolished unless we cannot ger relief. We only want fair treatment under it.

We shall endeavor to follow your advice as to the agencies we may be able to interest in explaining our situation and confirming our contentions. We would be very glad to have a government investigator come to Joplin and go over the whole situation, in fact, it is just what we would like. The government has seen fit to allow differentials in nearly every other line of industry, realizing no doubt the necessity for the same. There isn't another industry in our part of the country that has the high minimum wage that we have, and in nearby towns there are shoe factories, shirt and garment factories and in our own town cigar factories.

In connection with the whole matter, we fear we are not presenting the situation in as orderly a manner as you wish, or as the NRA authorities would like to have it presented. Should there be any questions of any nature you would like to ask, or any statements you would like to have us make, we will welcome the opportunity of answering or making the same.

We don't want to discontinue this line of manufacturing; we would have little business left and would have to throw a lot of people, nearly all of them with families depending upon them, out of employment.

Your further comments or advice on the situation will be appreciated very much.

Yours very truly,
THE MEEKER COMPANY, INC.

(Signed) C. Meeker
President

CM/C

March 11, 1935

Mr. C. Meeker, President
The Meeker Company, Inc.
Joplin, Missouri

Dear Sir:

I am in receipt of your letter of March 8th which must have crossed mine of recent date. I note the letter from the present Code Authority to you, which I return herewith. This does give an illuminating view both of the vicissitudes through which the Code has passed and of the attitude of the Code Authority toward your peculiar problem.

The letter which I have already written you will have covered the subject of an application to the Administrator for the setting up of learner provisions. This can be duly filed with the supporting evidence which I have suggested to you. I am sure that the matter will receive most cardful consideration. What the results will be, I cannot predict because just at the present time the continuance of all codes is under serious doubt.

In regard to the establishing of differentials between Missouri and the East, it would be necessary for you to present the following evidence, backed by affidavits of responsible parties other than yourself:

1. Wages now being paid in your region for similar classes of work;
2. Wages paid by your industry; per cent of labor costs to total costs in Missouri, as compared with similar figures for the Eastern territory.
3. Expenses other than labor costs in your region in excess of Eastern expenses.

I have asked the Research and Planning Division to accumulate some figures in regard to the per cent of labor costs to the total costs in the Eastern Division and hope they will be able to secure this information. The remainder of the information you would have to secure so that it could be presented in brief form, supported by the necessary affidavits.

As you point out, the application for learner provisions are within the powers of the Administrator to grant. Application for the setting up of differentials, I am afraid, would require an amendment of the Code and this would have to go, in the first instance, through the Code Authority. If, however, you were blocked there, you could take the matter up with the Administrator. I would, however, on the whole, advise you to wait until Congress has expressed itself more definitely as to the future of all Codes, as it may be unnecessary to suggest further amendments at the present time.

Yours truly,
Howell Cheney

ENC.

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CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
347 FIFTH AVENUE
NEW YORK

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April 26, 1935

Mr. O. W. Pearson
Artificial Flower & Feather Industry
8 West 57 Street
New York City

Dear Mr. Pearson:

The Meeker Co. has petitioned the Administration for permission to employ learners at less than the Code wages. A copy of their request is attached hereto.

Will you kindly indicate on this notice, whether you approve or disapprove granting the request of the Meeker Co., and return to the office of the Code Authority.

Very truly yours,

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY

AM:AS
enc.

_____
A. Mittenthal
Code Director

I APPROVE the petition of the Meeker Co. to employ learners at less than the Code wages.

(Signed)_____

I DISAPPROVE the petition of the Meeker Co. to employ learners at less than the Code wages.

(Signed) _____

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
347 FIFTH AVENUE
NEW YORK

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April 26, 1935

Col. Walter Mangum
Deputy Administrator
Commerce Building
Washington, D. C.

Dear Col. Mangum:

The Code Authority has denied the petition of the Meeker Co., Joplin, Missouri for permission to employ learners at less than the Code wages, for the following reasons:

"Joplin, Missouri is located 1400 miles from New York City. Practically all ladies' handbags are manufactured by concerns in New York City and that immediate vicinity, where there are several hundred manufacturers, large and small."

> We cannot agree that any manufacturer is handicapped by being located 1400 miles from New York City. New York City is not the geographical center of the United States, and neither is it the distributing center for the handbag industry in the United States. Joplin, Missouri is more centrally located for distribution than are factories located in New York City. It is true that the Meeker Co. may find that they are at a disadvantage for distribution in the New England or Middle Atlantic States, but they enjoy an equal advantage in the Middle West, Southwest, Northwest and Pacific Coast territories. The Meeker Co. employ more than 18 traveling salesmen who concentrate on this territory.

"Nearly 100% of the materials used in fabricating ladies' handbags, consisting of leather, metal frames, silks, mirrors, paper, wadding, buttons, backing, cloth, cement, zippers, and a few other items, are purchased in New York City and in the New England States. The Meeker Co. in purchasing such materials, is handicapped in competition with the New York manufacturers, in that heavy freight, express and parcel post charges have to be paid; charges that the New York manufacturer does not have to bear. These charges, in addition to traveling expenses going to market, telegraph and other expenses, amounted to 2.2% of our gross sales for the year 1934, an expense the New York manufacturer does not have. New York being a style center, it is necessary that the

Meeker Co. send representatives to New York City and vicinity frequently during the year to buy materials and contact for new styles, observe style changes and ascertain style trends, the handbag business being a rapidly changing style proposition."

Their claim that one hundred per cent of the materials used for fabricating ladies' handbags are purchased in New York City and the New England States is not absolutely accurate. A great deal of the leather they use is purchased from factories located in Milwaukee, Wisconsin and Girard, Ohio. This applies particularly to calf leather and steer hides. The fact that they have to pay freight and express charges on raw materials shipped from eastern points and that their traveling expenses to the New York market amount in total to 2.2% does not prove that this percentage represents a disadvantage. Eastern manufacturers also have to pay transportation charges on many of their raw materials. We have not sufficient data to show the percentage that this item bears to their total cost. Whatever disadvantage there may be in payment of transportation charges to Joplin, Missouri, on raw materials, it is fully offset by the advantage the Meeker Co. has in being able to deliver their finished product at lower transportation charges to concerns located in adjacent territories. The Meeker Co. includes in this amount, the expense of coming to New York to contact new styles, observe style changes and eastern style trends. The New York manufacturers go to Paris for the same purposes and copy styles for the Meeker Co. to copy.

"The eastern manufacturers located in New York City and vicinity, where there are many factories, have an abundance of skilled labor to draw from. Here in Joplin, Missouri, there are no other handbag manufacturers, making our labor situation very difficult, as there are peak seasons of manufacturing at which time, in the absence of trained help, we are compelled to employ learners who know nothing whatever of our line of work and who in most cases have had no factory experience of any kind whatever."

The skilled labor is confined almost entirely to New York City where only 25% of the industry is now located. All factories outside of New York had no skilled labor to start with, and were compelled to break in new help who never worked in the industry, in cities much smaller than Joplin, Mo. The only advantage that they had over the factories located in New York City was the fact that they could employ their workers at the minimum wage of $14 a week, whereas the manufacturers in New York City have a highly organized Union with classification of workers, and minimum wage scales, for most branches, of $37.50 for 37½ hours of work; whereas factories outside of New York City, including the Meeker Co. work 40 hours a week.

Factories now locating in the eastern cities are mostly in localities where there has never been a handbag factory, and where every worker is recruited from other industries, not even kindred. These manufacturers equip their factories with every modern machine that has been introduced in the industry during the past five years, and as a result, a great many of the operations formerly performed by skilled workers is now performed by new workers working on a machine.

The Meeker Co., has been in business in Joplin, Mo. for over 25 years. At one time, they had one of the largest businesses in the industry, and employed over 400 people. At the present time, they employ on the average of 156 people in their handbag department, (see exhibit taken from the records) which is proof that the Meeker Co. has built up a reserve supply of labor who they can call upon whenever necessary, since there are no competing factories in Joplin or vicinity. It is more than likely that these workers are available to them at all times.

"We have appealed to the NRA Administrators in Washington and to the Code Authority for the Ladies' Handbag Code, located in New York, for the privilege of employing learners at less than the minimum wage the Code carries, but have in every case been turned down or our pleas entirely ignored, although the Code that is now in effect provides that the Administrator may, if he sees fit, provide for the employment of learners at less than the minimum wage for a short period."

The Meeker Co. complained that their appeals to the Code Authority for permission to employ learners at less than the minimum wage has been turned down. The fact is, their applications were accorded the same consideration that were given to similar requests for learners by other members of the industry; in some cases these applications came from new factories located in towns where no handbag factory has ever existed, and they were not permitted to employ learners at less than the minimum wage. The request of the Meeker Co. for an exception from the minimum wage rate may not be intended for learners, but would be made to apply to former workers whom they seek to reemploy.

"The Code Authority being located in New York City, composed of a New York personnel, it is evident that they consider the handbag manufacturing business from a metropolitan, eastern, or New York standpoint only, and are not inclined to give any consideration to our isolated position in the industry; yet we pay Code dues regularly and abide by it in every way, getting nothing out of it except this added expense and detrimental effects."

The Code Authority is not composed of manufacturers withplants located in New York City alone. The present membership of the Code Authority is ten, and the plants they represent are as follows:

Bagcraft Mfg. Inc.	New York City
Goldsmith Bros. Mfg. Co.	Allentown, Pa.
Kadin Bros.	Hudson, N. Y.
Koret, Inc.	New York City
A. I. Magid Co.	New York City
Meyers Mfg. Co.	So. Norwalk, Conn.
Mirro Leather Goods Co.	Chicago, Ill.
Sol Mutterperl, Inc.	New Bedford, Mass.
Schoenfeld & Wolf, Inc.	Trenton, N. J.
Schoenholz & Weeks, Inc.	New York City

Some of these manufacturers moved their plants to places outside of New York City recruiting their workers from the unemployed in their local communities. Some factories engaging 200 or more workers have 90% of the total new workers without previous experience, but in no case were they permitted to pay less than the minimum to such beginners.

The Midwest territory have one representative on the Code Authority out of a total of ten members and they produce about ten per cent of the total production of the industry.

"We have no wage differential to which we think we are justly entitled, and which was provided for in the original draft of the handbag Code, but which provision was left out, we found, when the handbag Code finally was announced as being in effect. As mentioned, there is a learners' provision in the Code, but the Administrator has never seen fir to give us any relief under it. The net results to us under the Code have been that we are compelled to pay the same minimum wage for inexperienced help, without even a short period in which to teach them to do our kind of work, that the New York manufacturer is compelled to pay for experienced help. The handicap to us can be readily seen."

The Meeker Co. should consider that if the provisions in the Code relating to learners was made effective for them, it would also apply to every other member in the industry, with the effect of equalizing a wage less than the minimum throughout the industry, which is the very opposite of what NRA is attempting to accomplish. The Code has destroyed competition based solely on the lowest labor costs, and as a result, it has given legitimate and honest manufacturers like the Meeker Co. an opportunity to compete on style, service and materials.

"The Meeker Company's factory payroll for 1934 was $125,806.00, which is 30.1% of our volume of sales for the year, which is a 19% increase over 1933. Our year's operation for 1934 showing a net loss. As a result of these handicaps, we have been forced to discontinue making certain competitive lines, lines that the eastern manufacturers apparently are making successfully. Our business so far this year being 33-1/3% less in volume than 1934. Naturally we are employing less people at the present time than we were employing last year and would employ under fair competitive conditions. As an example, last year at this time we were employing 176 people, while at present we are employing 42."

The Meeker Company's payroll for 1934 shows an increase of only 19% over 1933, which was the lowest wage level in the history of the industry. We consider 19% a very low increase. If the factory payroll is 20% of the sales volume, 19% increase in the factory payroll is only an increase of 5.7% based on the sales volume. At this rate, a bag of equal value, selling for $3 wholesale in 1933, would have to be sold for $3.17 in 1934, which is not an exorbitant increase, and this increase might easily be absorbed by reducing other items of cost, which will permit the manufacturer to maintain the original $3 price. A handbag is made up of at least 20 different materials and requires at least 50 labor operations.

The Meeker Company claims they employed 176 workers last year, and employ only 42 workers now. At the same time, they claim their volume of sales only fell off 33 1/3%, yet they are producing this volume, with only 24½% of their workers. According to this statement, their percentage of labor costs is less with 42 workers, than it was with 176 workers. The Spring season of 1934 was very bad throughout the industry, most of the factories reported 33 1/3% to 50% less business than in the Spring of 1933. The Meeker Co. evidently was no exception, and the loss of 33 1/3% in volume of sales was not due to any reasons given by them.

"Another handicap to which consideration should be given is on account of our long distance from material market we are compelled to carry heavy inventories that the eastern manufacturers do not have to carry."

The necessity for carrying heavy inventories cannot be attributed to NRA, nor does it justify a lower wage rate to be paid to workers.

"Relative to a wage differential which we feel we are justly entitled to under the circumstances as enumerated, it should be borne in mind that the cost of living in Joplin, Missouri

is much less than the cost of living in the eastern and metropolitan centers. If we were conceded the differential which our handicapped position in this field of manufacture plainly indicated we are entitled to, we would be in a position to employ more labor than we are able to employ at present, as we could again resume lines we have had to discontinue, thus being more of a benefit to our community and be on a better basis as a firm. The Meeker Co. has been in business more than 25 years, and has never been located anywhere except here in Joplin. Our products are sold to department stores and other retail outlets throughout the entire United States."

The cost of living in Joplin, Mo. is no less than it is in Sussex, New Jersey, Clinton, Mass., or Boyertown, Pa., or other towns in which handbag factories are located. In the New York area the workers are paid about 50% more on the average than the Meeker Co. pays its employees on the average, and unless the Meeker Co. seeks to maintain the lowest living standards in Joplin, Mo. there is no justification for their claim on the basis of lower living costs in Joplin, Mo.

"Another handicap of some importance is that in selling our product in some of the big eastern cities, particularly New York City, to make such sales we are compelled to pay the transportation charges to the customer to equalize the transportation cost with that of the manufacturer in New York close to the customer where no transportation charges are involved."

It is true that they are at a disadvantage when they try to sell their product in New York City where one hundred manufacturers are located, sufficient to care for all the needs of the trade in New York. On the other hand, a New York manufacturer is at a disadvantage if he tries to sell his product in Kansas City, Missouri in competition with the Meeker Co. No retailer in New York City is willing to buy goods in Joplin, Mo. and pay transportaion charges, when he can buy goods of equal value and style in his own market, delivered free of charge. The real purpose of a New York selling office for a factory far removed from New York, is for the purpose of selling to out of town stores who visit the New York market.

"Another angle to our situation is that while we are the only handbag manufacturer in our town, or for that matter, in this entire section, - in fact, the largest handbag manufacturer west of the Mississippi River - there are in our city garment manufacturers, and other manufacturers in other towns in our immediate vicinity. Also, there are a number of shoe manufacturers not in our city, but in our

vicinity, none of whom are compelled to pay the high minimum rate of pay which we have, and all other lines of such manufacturer have a learners provision in their Code, whereby they can employ green help for a certain length of time at 80% of the minimum wage until they learn, at least in a measure, how to perform the work they are doing in a satisfactory volume. Of course, in these other lines where there are a lot of shoe factories in the state, a lot of garment manufacturers in the State, they had sufficient representation when their codes were formulated to exert an influence so as to enable them to get fair consideration . We have had no one to cooperate with us in our line of manufacture. Therefore, the Code was formulated and put into effect and is being operated today solely from the viewpoint of the eastern or New York manufacturers and no consideration given to our concern."

If conceded a differential in wage rate, the Meeker Co. claims they would be in a position to employ more labor. The situation would apply alike to any manufacturer in the industry wherever located, if he were accorded this advantage over all of his competitors in the industry.

"We cannot maintain a representative in Washington to attend all the hearings and make effort to get conditions or rulings that we are justly entitled to. Therefore, our condition must be relived or else we will be compelled to pass out of this line of manufacture, as much as we would regret to do so. If we are forced from this field of manufacturing, it will mean the loss of employment for around 200 people, leaving our town without a payroll which is much needed, and many heads of families without employment and us with a lot of equipment for which we will have no use. Our progress in this field will have been made in vain."

The Meeker Company's plea that they are alone in this particular territory is not due to any unfortunate circumstance. They evidently intended it to be an advantage, otherwise they would not have made it their choice. After 25 years, they have just come to the realization that they are isolated. The manufacture of handbags is not a matter of geographical location. It is mostly the efficiency of operation in a plant, no matter where located. We find the most efficient plants, those doing the largest volume of business, located in cities in Pennsylvania and Connecticut. These plants are operating efficiently; their management is alive and wide awake, employing and creating new systems and machinery to produce their product at the lowest costs, while paying Code wages and more.

"In general, the Code we are operating under now, that is functioning against the interest of our business, is forcing us out of lines of manufacturing, and if continued, will in all probability force us entirely out of the handbag business, and to which we are compelled to pay Code fees that last year amounted to more than $1,000.00 a year during which, on account of the restriction under which we are compelled to operate, the heavy taxes of one kind or another that we have to pay, caused us to do a year's business not at a profit, but at a heavy net loss for the year's operations, a loss we cannot continue to bear."

As far as we know, NRA has not put a single handbag manufacturer out of business, but if exceptions to the wage rates are granted to one or a few in the industry, it is likely to put a great many out of business.

The Code fees paid by the Meeker Co. during the past year were on the same basis paid by every other member of the industry. Besides, 25% of the amount that was paid by each member was refunded.

STATISTICS

The chart shows the number of workers employed by the Meeker Co. for each month reported from the effective date of the issuance of labels, July 2, 1934. The peak month was 226 workers, the low, 112 in the month of July, which normally is the slowest production month of the year.

In the peak month, 148 out of a total of 213 workers employed received the minimum wage of 35¢ an hour, and only one worker received over $35. a week. In the dullest month, July, 81 workers out of 112 received the minimum wage of 35¢ an hour, and only one worker received over $35. a week.

The Meeker Co. manufacture handbags that retail from $2.95 to $10.00 each. They have a reputation for making a clean, well made product, which can only be produced by experienced workers.

Their volume of sales on handbags for the year was $340,495. If, as stated by the Meeker Co. this amount is 33 1/3% less than their normal business, their production of handbags would amount to more than $500,000 a year in a normal year. In addition to handbags, they manufacture an extensive line of men's wallets and novelties, which do not come under the ladies' handbag code.

From our knowledge of existing conditions in the industry, also from a personal investigation of the plant and working conditions made by the Code Director of Compliance, Max Berkowitz, and based upon the statistics of their business furnished by the Meeker Co., we are convinced they are not entitled to an exception to the Code requested by them.

Very truly yours,

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY

A. Mittenthal
Code Director

MEEKER COMPANY
JOPLIN, MO.

PAYROLL STATISTICS

MONTH	Number of Employees	Number Earning $14 per week	Number Earning $15 to $20 per week	Number Earning $20 to $35 per week	Number Earning $35.00 and up
July, 1934	112	81	19	11	1
August, 1934	164	110	34	19	1
September, 1934	178	115	42	20	1
October, 1934	226	139	49	28	1
November, 1934	213	148	41	23	1
December, 1934	122	76	25	20	1
January, 1935	138	88	28	21	1
February, 1935	138	92	24	21	1
March, 1935	118	76	22	19	1

SALES REPORTS
March 26, 1934 to March 25, 1935, Inclusive.

March 26 through March 31, 1934	$5,100.00	
April)		
May)	59,449.00	
June)		
July)		
August, 1934	38,662.00	
September, 1934	37,599.00	
October, 1934	53,632.00	
November, 1934	70,327.00	
December, 1934	15,753.00	
January, 1935	6,504.00	
February, 1935	27,435.00	
March 1 through 25, 1935	26,032.00	$340,493.00

May 2, 1935

Mr. C. Meeker
President, The Meeker Company, Inc.
Joplin, Missouri

Dear Mr. Meeker:

Your letter of April 30 with its enclosures, addressed to Mr. Walter Mangum, Deputy Administrator, of this Division, has been received during his absence.

A letter addressed to Mr. Mangum on the same subject has just been received from the Honorable Dewey Short, Congressman.

As Mr. Mangum had the interview with him and with Mr. Cleveland A. Newton to which you have referred, we are simply acknowledging receipt of your letter without attempting an extended reply.

We expect Mr. Mangum back within a day or two and we will refer both letters to him promptly upon his return. We are confident that he will wish to give these letters his personal attention and the careful consideration that the importance of the matter deserves.

Very truly yours,

Owen A. Locke
Assistant Deputy Administrator
Textile Division

9811

THE MEEKER COMPANY, INC.
Fine Leather Goods
Joplin, Missouri

April 30, 1935

Mr. Walter Mangum, Deputy Administrator
Textile Division, N. R. A.
Washington, D. C.

Dear Mr. Mangum:

With further reference to yours of April 13th, I am enclosing herewith, as you have requested, balance sheet for the years 1933 and 1934. These balance sheets are taken out of our public accountant's annual report on our business. These accountants are Baird-Kurtz & Dobson, Joplin National Bank Building, Joplin, Missouri. We can furnish you further information if such is necessary, or you can if you wish communicate direct with these accountants.

I am also enclosing what I think is the information asked for in the second paragraph of your letter. You will note we show for February and March a big shrinkage in the number of people employed and when consideration is given to the fact that all employees for the months reported, although many of them working only part time as the total hours will show and a smaller amount of goods manufactured, you can readily see how our business has deteriorated. April would show as bad or worse condition than March.

Mr. Cleveland A. Newton has just written me relative to the interview that he, in company with Congressman Dewey Short, had with you recently, and has advised that the New York crowd insists we are making money hand over fist. These New York fellows know our position, but as I previously advised, it is my opinion, based on experience, that they do not care abything about our position in this industry. It is my honest opinion that they feel that the handbag manufacturing business is an eastern business. I might be wrong in some of my conclusions regarding these fellows in the east, but I don't think so.

In a bulletin put out by the Code Authority dated March 21st., they list ninety-one cases pending for non-compliance with the Code. I wonder if you fellows in Washington know the details of these non-compliance cases. Of course, I do not, but it wouldn't surprise me if many of them were not in the same class as that of the Virginia Art Studio of Lynchburg, Virginia who apparently have never complied with the minimum wage, and this concern in Lynchburg is perfectly justified in my opinion in not complying. It is reported I think that the Virginia Art Studios are doing a big business. They may be, but at this time of the year they manufacture a particular type of bag that forms a big part of their year's business, and if it looks like they are doing a big business in recent months it isn't because they are taking advantage of the lower wages they are paying, but on account of the seasonal bags they are making.

When the Code went into effect we asked for exceptions to the minimum wage, filing our brief in due form and going before one of the Darrow committee in Kansas City, a Mr. Mann, explaining our position and while waiting for a decision we had in effect a minimum of 30¢ per hour for some of our help. Yet the Code Authority when they got ready to issue labels would not ship us labels until we had paid back about $800.00 that they termed back wages to bring the minimum up to $14.00, or 35¢ per hour. And now I find that the Virginia Art Studios have labels in their product, yet have not been compelled by the Code Authority to pay the Code minimum, and there may be others among the ninety-one non-compliance cases operating as this concern is.

All of this may not be of interest to you in the situation, yet I think it does show that we haven't been treated fair under the Code. I am not complaining against the Lynchburg, Virginia concern; their position is somewhat similar to ours and they should not be made to come under the Code on the same basis as the New York and that particular vicinity, where nearly all of the manufacturers are located, with their market for raw material and everything that goes into handbags except labor, right at their door.

In considering our case, I wish you would again refer to our brief, left with you. These New York fellows claim a great success for the Code, yet they have ninety-one cases of non-compliance out of three hundred and thirty-seven manufacturers that they claim are in the industry, and during the past few weeks they have allowed the eastern manufacturers to dump merchandise on the market at prices it could not be produced for until the Easter market was virtually demoralized. When I was East recently the New York papers were full of special sales on fine handbags at ridiculously low prices, yet every producer of these bags was under the Code, that the New York crowd claims is such a grand success.

The Code has worked nothing but a hardship on us. As I previously advised, in our vicinity there are show manufacturers, shirt manufacturers, cigar manufacturers, and others, none of whom have the high minimum wage that we have, and all of them have a period in which they can work an absolutely green employee for a certain length of time until they get familiar with their work at less than the minimum; 80% of the minimum in most cases, I think. One garment manufacturer who employ about one hundred people here in our town are able to work their new people whom they are trying to teach the business at 50% of their $12.00 minimum for several weeks. Shoe concerns at 80% of the minimum for six weeks and they have a minimum for female labor of 30¢ per hour. Cigar manufacturers here, and there are two of them, I understand from very reliable authority, paid little or no attention to the Code minimum.

So all in all, I know that no consideration has been given to our isolated position in this industry.

I am enclosing you a letter that will at least enlighten you as to the New York crowd's attitude toward us when the Code was being formed. This letter from Mr. Mittenthal I will ask you to return. I don't like to go on record as being constantly complaining against these fellows,

but I have a business here to maintain; not a rented loft like most of these fellows, but a big investment, as you will note from my balance sheets. A building and equipment which we own. On account of this it is rather hard to arrive at a decision to pass out of any manufacturing line; leaving buildings and equipment idle and throwing people out of work, many of whom have virtually been raised up in this business, a business I have been more than twenty-five years in developing and devoting my energy to.

Now if I haven't given you details that you want, just call on me; I want you to know that I appreciate the courtesies extended me when I was in your office recently by yourself, Mr. Smith and Mr. Hill. Any decision you arrive at will be satisfactory and if you wish I can come to Washington again, although it is a long trip. The same day I called on you I called on Mr. Howell Cheney, whom I supplied some figures to which he may have passed on to you, and with whom I have had considerable correspondence with in recent months and who seemed to feel when I talked to him in his office that our situation out here really deserves some consideration.

Trusting that I have not bored you or indulged in any unnecessary comments on the situation, I am

Yours very truly,

/S/ C. MEEKER
President
THE MEEKER COMPANY, INC.

P.S. On our balance sheet under assets you will note listed salesmen's accounts overdrawn. This reflects the earnest effort we have made to keep our business going since the depression set in in advancing salesmen money to keep them going, thereby keeping our factory going and keeping our people employed; money we have expected to recover from the salesmen when our business again got back on a better basis.

May 4, 1935

The Honorable Dewey Short
House Office Building
Washington, D. C.

My dear Congressman Short:

Your letter of April 26 with enclosure, addressed to Colonel Walter Mangum, Deputy Administrator, was received during his absence this week and was acknowledged by telephone to your Secretary.

Colonel Mangum, who has been giving this matter his personal attention since you and Mr. Newton called upon him the other day, informs me that he has already been in touch with the Code Authority, that the matter is having proper attention and will be followed closely in order to insure full consideration at the earliest possible moment.

Sincerely,

Prentiss L. Coonley
Code Administration Director

Textile Division

9811

CONGRESS OF THE UNITED STATES
House of Representatives
Washington, D. C.

April 26, 1935.

Col. Walter Mangum
Deputy Administrator, N.R.A.,
Washington, D. C.

My dear Colonel Mangum:

I beg to present a tragic situation and respectfully urge your sympathetic consideration.

About twenty-five years ago, the Meeker Company established a ladies' handbag factory in Joplin, Missouri. This industry grew until it became one of the most successful and attractive plants in that great agricultural and mining area.

The Code Authority of the Ladies' Handbag Industry seem unable to understand the difficulties and handicaps under which this Company is compelled to operate, and as a result of the burdens imposed, they have lost money continuously since the Code became effective. Unless relief is granted very soon, they will be compelled to shut down their plant, and, of course, the employees will lose their source of livelihood.

I am sure it is not your purpose, nor is it the purpose of the National Recovery Act to destroy a useful industrial plant. Approximately ninety per cent of the ladies' handbags are manufactured in New York. The Code Authority is established there, and while its members understand their problems, they have had no experience in a factory such as the Meeker Company is operating.

The Ladies' Handbag Code at the time of the public hearings, contained a labor differential between factories in large cities and those in rural municipalities. When the Meeker Company received a copy of the Code as finally approved, this differential had been eliminated, and it is impossible for them to continue operating without an adequate labor differential.

The Meeker Company is 1440 miles away from New York and hundreds of miles away from another handbag factory. The materials and supplies used in handbags outside of leather, are manufactured in the vicinity of New York plants, while this Company is compelled to bear a substantial burden for freight and express in shipping these supplies to the factory. It is also compelled to lay in supplies of stock which calls for capital investments, not required by the New York companies because of their proximity to the source.

The Meeker Company is compelled to send representatives at frequent intervals to New York, not only to buy supplies, but to

study and observe the styles and any developments in order to keep abreast with the industry. This expense is not required by the New York factories.

The handbag industry has a seasonal production. Its principal market is during the Holidays. It necessarily employs about twice as much workers during the last half of the year as required for the first half. The New York companies have an abundance of skilled labor. The Meeker Company has no supply upon which to draw, and when the plant needs additional labor around the first of July, it is necessary to use raw and unskilled workers, while the New York plants get an abundance of skilled labor.

Under the Code, the Meeker Company is compelled to pay the full minimum wage to these new and untrained workers, a burden which the New York factories are not required to bear.

There are a number of shirt, overall, and shoe factories in the Joplin territory, and none of them are required to pay minimum wages anywhere near as high as the ladies' handbag Code requires. As a result of these handicaps, the Meeker Company has already been forced out of a number of lines of production with a result that its number of employees are now greatly reduced from what they were at this time last year.

An investigation of living costs has been made, based upon the United States Department of Labor statistics, which shows that workers in Joplin, Missouri, can live with the same comforts and necessities of life at less than sixty-five per cent of the cost required by the workers in New York. The carfare alone, required of the New York workers, is enough to justify a substantial differential over the Joplin workers, who have no such expense. Many other items could be enumerated.

The Meeker Company made an application to the Code Authority months ago, to be relieved from the handicaps which are destroying the industry. It has received no sympathetic cooperation, and I respectfully call your attention to Sec. 3 of Art. 4 of the Code of Fair Competition for the Ladies' Handbag Industry, which reads as follows:

> "The Administrator may, under exceptional circumstances and upon such conditions as he may prescribe, permit a member of the Industry to employ learners at rates below the minimum wage herein established."

Because of the tragic problem with which the Meeker Company is confronted, I respectfully urge that you exercise the power invested in you under the Code and that you make such modifications and changes as will remove the handicaps which the Company is suffering and which will save this industry from destruction.

The Meeker Company has obeyed the Law. It has lived up to the provisions of the Code, and the sum total of the results thus far, is that it is paying approximately $1000 per year in dues to the N.R.A., while moving nearer and nearer to ruin.

Sincerely Yours,

Dewey Short
Member of Congress

P. S. I herewith attach some living cost data prepared by the Statistical Department of the St. Louis Industrial Club, which will show the living cost in New York to be at least one-third higher than in Joplin, Missouri.

COST OF LIVING

The United States Bureau of Labor Statistics for the year 1933 determined the cost of living for an average family of four persons where the head of the family earned from $900 to $2500 per annum, in some 92 cities and towns in forty-two states of the Union. In determining the cost of living they ascertained the cost of the consumption of items of food, clothing, house furniture, house furnishings, rent, fuel, light and miscellaneous items including insurance, amusements, taxes, liquor, tobacco, books, travel, newspapers, magazines, doctor bills, barber, school expense, telephone, street car fare and so forth.

On the basis of calculation, it was found that the cost of living for the average working man's family of four persons in New York was $1428, per annum; in Chicago, $1277 per annum; and in St. Louis, $1219.

Since we have no official figures on Joplin, Missouri, we set forth the following table, giving this calculation, based on the same items included in the calculation for the family in New York, for variouus cities and towns which conditions are similar to those in Joplin, and certainly the cost of living would not be higher in Joplin than in the following cities: (The population in Joplin, Missouri, is approximately 33,000)

City	Population	Cost of Living	% of New York
Hannibal, Mo.	22,761	$900	63.03%
Belleville, Ill.	28,425	894	62.46%
Decatur, Ill.	57,512	885	61.9%
Springfield, Ill.	71,864	876	61.34%
Danville, Ill.	36,765	870	60.9%
Jacksonville, Ill.	17,747	853	59.73%

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
347 FIFTH AVENUE
NEW YORK

May 13, 1935.

Mr. O. W. Pearson
NRA Headquarters
45 Broadway
New York City

Dear Mr. Pearson:

We are enclosing a copy of the latest communication received by the Administration from the Meeker Company, Joplin, Missouri, a copy of which they forwarded to us.

We are also enclosing a copy of the accompanying letter written by Mr. Locke, a copy of the personal letter written by Mr. Mittenthal to his personal friend Mr. C. Meeker on February 28, 1934 before our code was approved, and a copy of our reply giving the facts refuting the statements made by the Meeker Company.

We trust you will approve of the reasons we have given in our reply to the statements made by the Meeker Company.

Very truly yours,

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY

_____
A. Mittenthal
Code Director

May 21, 1935

Mr. A. Mittenthal
Code Director, Code Authority
Ladies' Handbag Industry
347 Fifth Avenue
New York, N. Y.

Dear Mr. Mittenthal:

Under separate cover we are mailing to you a copy of our letter of May 20 to Mr. Meeker, president of the Meeker Company of Joplin, Missouri.

This will inform you of our decision regarding this matter and will also serve as acknowledgment of your letter of May 16, in which you advised us that his petition was disapproved by the Code Authority in a vote by mail.

We are most appreciative of the large amount of time and care you have given to the consideration of this case.

Very truly yours,

Owen A. Locke
Assistant Deputy Administrator
Textile Division

CC: Mr. O. W. Pearson, Administration Member

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
347 FIFTH AVENUE
NEW YORK May 16, 1935

Mr. Owen A. Locke
Assistant Deputy Administrator
Commerce Building
Washington, D. C.

Dear Mr. Locke:

The Code Authority, by mail vote, has denied the petition of the Meeker Company, Joplin, Missouri, for permission to engage learners at less than the minimum Code wages. The request was denied for the reasons given in our answers to the Meeker Company's petitions.

Very truly yours,

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY

/S/ A. Mittenthal
A. Mittenthal
Code Director

9811

May 15, 1935

Mr. A. Mittenthal
Code Director
Code Authority Ladies' Handbag Industry
347 Fifth Avenue
New York, New York

Re: The Meeker Company,
Joplin, Missouri

Dear Mr. Mittenthal:

We have your letter of May 13 on the above subject and we are most appreciative of the trouble you have taken to answer the various points raised by Mr. Meeker. We are particularly glad to have the comparison of wages paid by the factories in New York City and those paid by the Meeker Company.

We would like to give this information and the other latest information that you have given us, as well as your previous letters, thorough study and consideration. We have asked Mr. Meeker for certain additional information and will try to reach a decision as soon as possible after we have received his reply.

Very truly yours,

Owen A. Locke
Assistant Deputy Administrator
Textile Division

CODE AUTHORITY
LADIES HANDBAG INDUSTRY
347 Fifth Ave.
NEW YORK

May 13, 1935

Mr. Owen A. Locke
Assistant Deputy Administrator
Commerce Bldg.
Washington, D. C.

Dear Mr. Locke:

We are in receipt of your letter of May 7 regarding the case of the Meeker Company, Joplin, Missouri. We note the additional reasons they give to entitle them to an exemption from the wage rates of the Ladies' Handbag Code. We shall try to answer their arguments and give additional facts in support of our answer to the arguments given in their previous letter.....

"With further reference to yours of April 13, I am enclosing herewith, as you have requested, balance sheet for the years 1933 and 1934. These balance sheets are taken out of our public accountant's annual report on our business. These accountants are Baird-Kurtz & Dobson, Joplin National Bank Building, Joplin, Missouri. We can furnish you further information if such is necessary, or you can if you wish communicate direct with these accountants."

We accept as correct the statistics furnished by the United States Bureau of Labor as to the relative cost of living between Joplin, Missouri and New York City as being 63.03% the same as it is in Hannibal, Missouri, a city mentioned specifically in this report.

We have prepared a chart which will show the wages paid per hour in handbag factories located in New York City. In order not to disclose the names of the factories, we have numbered them from 1 to 5. We have also prepared a similar chart showing the wages paid to workers per hour in the factory of the Meeker Company. These figures are taken from the payroll records submitted by the respective manufacturers and examined as to their accuracy by our investigators. In preparing these figures, we have taken the same month of the year for all factories, November 1934. The New York factories, from whose payrolls these figures were taken, manufacture handbags comparable in style, quality and price with those manufactured by the Meeker Company.

It is interesting to note that while the cost of living in Joplin, Missouri is 63.03% of what it is in New York, the wages paid by the Meeker Company are about 50% of the wages paid to the workers in New York. It is evident that the Meeker Company has already anticipated the difference in living costs between Joplin, Missouri and New York City.

The union scale of minimum wages for first class cutters, operators, pocketbook-makers, framers, and parers, which comprise the five major classifications of operations on handbags, is $37.54 for 37½ hours of work per week, or at the rate of $1.00 per hour in New York. There are many workers who receive considerably more because of their skill or length of service.

The rate for second class workers is $33.60 for 37½ hours of work per week, or about 90¢ per hour. The Union's scale of minimum wages for helpers is $23.48 for 37½ hours of work per week or about 65¢ per hour. We understand that a great deal of the work in the factory of the Meeker Company is performed on a piece work basis, and that the piece work rate is based on the minimum wage of 35¢ per hour. This fact is borne out by the payroll record of the Meeker Company, which shows that 148 out of 213 workers earned the minimum code wage of 35¢ an hour. The piece work rate under Union agreement in New York factories is $1.11 an hour.

The balance sheet of the Meeker Company does not give all the information necessary for an analysis of the operations of their business. We cannot determine the items included in labor costs direct and indirect, neither do we have a separation of the various branches of their business, parts of which are included under another code. Without their operating figures, we cannot express an opinion as to the reason for their having incurred a loss in their business for the year 1934. The loss may have resulted from the operations of some other branch of their business. We might say, however, in general, that losses throughout the handbag industry were not unusual for the year 1934.

"I am also enclosing what I think is the information asked for in the second paragraph of your letter. You will note we show for February and March a big shrinkage in the number of people employed and when consideration is given to the fact that all employees for the months reported, although many of them working only part time as the total hours will show and a smaller amount of goods manufactured, you can readily see how our business has deteriorated. April would show as bad or worse conditions than March."

The chart submitted by the Meeker Company shows that for the first three months of operation in 1935 when the code was effective, against the first three months of 1934 previous to the code, there was a decline of 36⅓% in the number of hours worked and only a decline of 24¼% in the value of the product produced, which is proof that they operated more efficiently in 1935, and even though they had to pay the increase in the minimum wages, they produced a greater volume of sales from the hours worked.

It is true that the dollar volume of sales during the month of March, 1935 shows a decided decrease, but the entire industry had a very poor spring season in 1935 and, as a consequence, losses averaged from 33-1/3% to 50% in sales volume were quite general. The Meeker Company show a loss in sales volume for the first three months of 1935 of 24.3%.

"Mr. Cleveland A. Newton has just written me relative to the interview that he, in company with Congressman Dewey Short, had with you recently, and has advised that the New York crowd insists we are making money hand over fist. These New York fellows know our position, but as I previously advised, it is my opinion, based on experience, that they do not care anything about our position in this industry. It is my honest opinion that they feel that the handbag manufacturing business is an eastern business. I might be wrong in some of my conclusions regarding these fellows in the east, but I don't think so."

This is only an unsupported expression of opinion.

"In a bulletin put out by the Code Authority dated March 21, they list 91 cases pending for non-compliance with the Code. I wonder if you fellows in Washington know the details of these non-compliance cases. Of course, I do not, but it wouldn't surprise me if many of them were not in the same class as that of the Virginia Art Studio of Lynchburg, Virginia, who apparently have never complied with the minimum wage, and this concern in Lynchburg is perfectly justified in my opinion is not complying. It is reported I think that the Virginia Art Studios are doing a big business. They may be, but at this time of the year they manufacture a particular type of bag that forms a big part of their year's business, and if it looks like they are doing a big business in recent months it isn't because they are taking advantage of the lower wages they are paying, but on account of the seasonal bags they are making."

The 91 cases of non-compliance pending cover all kinds of cases of non-compliance under the code. Surely, the Meeker Company does not intend to justify their right to an exemption to the code for the reason that others have not complied with code provisions. The facts in the case of the Virginia Art Goods Studios are well known to the Administration. No exemption has ever been granted to the Virginia Art Goods Studios by the Code Authority of the Ladies' Handbag Industry.

"When the Code went into effect we asked for exceptions to the minimum wage, filing our brief in due form and going before one of the Darrow Committee in Kansas City, a Mr. Mann, explaining our position and while waiting for a decision we had in effect a minimum of 30¢ per hour for for some of our help. Yet the Code Authority, when they got ready to issue labels, would not ship us labels until we had paid back about $800. that they termed back wages to bring the minimum up to $14.00, or 35¢ an hour. And now I find that the Virginia Art Studios have labels on their product, yet have not been compelled by the Code Authority to pay the Code minimum, and there may be others among the 91 non-compliance cases operating as this concern is.

"All of this may not be of interest to you in the situation, yet I think it does show that we haven't been treated fair under the Code. I am not complaining against the Lynchburg, Virginia concern; their position is somewhat similar to ours, and they should not be made to come under the Code on the same basis as the New York and that particular vicinity, where nearly all of the manufacturers are located, with their market for raw material and everything that goes into handbags except labor, right at their door."

The report by the Darrow Board, we believe, was made up of just such hearings referred by the Meeker Company, and is probably the reason why the report of the Darrow Board did not meet the approval of the Administration.

The reason for the payment of restitution of $800. by the Meeker Company was because they violated the labor provisions by paying less than the minimum code wages. This restitution was paid to every worker entitled to receive it.

"In considering our case, I wish you would again refer to our brief left with you. These New York fellows claim a great success for the Code yet they have 91 cases of non-compliance out of 337 manufacturers that they claim are in the industry, and during the past few weeks they have allowed the eastern manufacturers to dump merchandise on the market at prices it could not be produced for until the Easter market was virtually demoralized. When I was East recently the New York papers were full of special sales on fine handbags at ridiculously low prices, yet every producer of these bags was under the Code, that the New York crowd claims is such a grand success."

The Administration does not allow us to fix prices. We cannot control the wholesale prices, and certainly not the retail prices at which bags may be sold.

"The Code has worked nothing but a hardship on us. As I previously advised, in our vicinity, there are shoe manufacturers, shirt manufacturers, cigar manufacturers and others, none of whom have the high minimum wage that we have, and all of them have a period in which they can work absolutely green employees for a certain length of time until they get familiar with their work at less than the minimum; 80% of the minimum in most cases, I think. One garment manufacturer who employs about one hundred people here in our town are able to work their new people whom they are trying to teach the business at 50% of their $12.00 minimum for several weeks. Shoe concerns at 80% of the minimum for six weeks and they have a minimum for female labor of 30¢ per hour. Cigar manufacturers here, and there are two of them, I understand from very reliable authority, paid little or no attention to the Code minimum.

"So all in all I know that no consideration has been given to our isolated position in this industry."

We believe this is a criticism of the NRA and not the Code Authority of the Ladies' Handbag Industry. We do know that shoe manufacturers are an excellent source from which experienced workers may be procured to do work on handbags. Shoe cutters, stitchers and parers are generally considered more skillful than workers performing the same operations in a handbag factory, and these comprise three of the major operations in the making of a handbag. We are informed there are some shoe fac-

tories in Joplin, Missouri and in Carthage, Missouri, which is only a short distance from Joplin, they should furnish an additional labor market for the Meeker Company from which to procure experienced workers.

"I am enclosing you a letter that will at least enlighten you as to the New York crowd's attitude toward us when the Code was being formed. This letter from Mr. Mittenthal I will ask you to return. I don't like to go on record as being constantly complaining against these fellows, but I have a business here to maintain; not a rented loft like most of these fellows, but a big investment, as you will note from my balance sheets. A building and equipment which we own. On account of this it is rather hard to arrive at a decision to pass out of any manufacturing line; leaving buildings and equipment idle and throwing people out of work, many of whom have virtually been raised up in this business, a business I have been more than twenty-five years in developing and devoting my energy to."

The letter written by Mr. Mittenthal, a copy of which was sent to the Administration, was a personal letter written to a personal friend, Mr. C. Meeker, while Mr. Mittenthal was a member of the handbag industry acting as Chairman of the Board of Governors of the Associated Handbag Industries of America, Inc., and while he was Chairman of the Code Committee appointed by the Associated Handbag Industries of America, Inc. to draft a code for the industry. The Ladies' Handbag Code was not approved until March 14, 1934 and became effective March 26, 1934, so that Mr. Mittenthal's letter was not written to the Meeker Company in an official capacity as Code Director. The opinion expressed by Mr. Mittenthal was a personal one, which he held as an individual manufacturer at a time when it seemed impossible to obtain a code satisfactory to all members of the industry. The dispute involved was whether classification and wage scales above the minimum should be included in the code. The New York manufacturers who were in contractual relations with the Union insisted that they should be included, while manufacturers with factories outside of New York City insisted that they should not be included. When the final code was approved, no classification and no wage scales above the minimum were included. Provisions were made in Sections 2 and 6 of Article IV, but they were stayed by an Administrative Order approving the Code, and still remain stayed.

We are at a loss to understand why the Meeker Company should use a personal letter sent to Mr. C. Meeker to support their claim for an exemption to the code 14 months later.

"On our balance sheet under assets you will note listed salesmen's accounts overdrawn. This reflects the earnest effort we have made to keep our business going since the depression set in, in advancing salesmen money to keep them going, thereby keeping our factory going and keeping our people employed; money we have expected to recover from the salesmen when our business again got back on better basis."

The item "salesmen's accounts" referred to in their balance sheet could be shown on almost every trial balance sheet in the industry. Only we find other manufacturers properly charge such items to profit and loss at the end of the year. The Meeker Company continue to carry it as an asset from year to year. It is our experience that this item is seldom ever realized. Under present conditions with twice as many factories striving for one-half of the normal volume of business, it is the rule rather than the exception to find that four out of five traveling salesmen selling handbags do not earn their advanced drawing accounts. We fail to see where this situation can be attributed to any fault of the NRA, the Code Authority, or the other members of industry.

We trust this will answer fully the claims of the Meeker Company in support of their request for an exemption.

Very truly yours,

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY

A. Mittenthal
A. Mittenthal
Code Director

AM:AS

COMPARISON OF WAGES PAID BETWEEN FACTORIES LOCATED IN NEW YORK CITY, AND MEEKER COMPANY OF JOPLIN, MISSOURI, FOR THE MONTH OF NOVEMBER 1934

FIRM NO.	PAYROLL DURING MONTH	NO. OF EMPLOYEES FOR WEEK	NO. OF HOURS WORKED FOR WEEK	AVERAGE EARNED PER WORKER BASED ON 40-HOUR WEEK	AVERAGE RATE PER HOUR PER WORKER
1.	1	54	2,005	$35.50	88¾¢
	2	55	2,035	37.70	94¼¢
	3	52	1,968	37.50	93¾¢
	4	51	1,945	37.50	93¾¢
	5	58	2,047	35.20	88¢
2.	1	63	2,513	28.80	72¢
	2	63	2,697	28.60	71½¢
	3	63	2,503	29.00	72½¢
	4	64	2,516	29.25	73-1/8¢
	5	64	2,528	29.00	72½¢
3.	1	29	1,087	30.50	76¼¢
	2	28	1,080	31.20	78¢
	3	30	1,139	31.40	78½¢
	4	28	1,111	31.30	78¼¢
	5	27	1,070	31.70	79¼¢
4.	1	66	2,362	31.20	78¢
	2	65	2,411	32.30	80¾¢
	3	68	2,597	31.30	78¼¢
	4	67	2,438	32.60	81½¢
	5	59	1,836	35.10	87¾¢
5.	1	50	2,421	37.90	94¾¢
	2	50	1,886	37.90	94¾¢
	3	51	2,358	37.80	94½¢
	4	50	1,964	39.80	99½¢
			MEEKER COMPANY		
	1	209	7,868	16.50	41¼¢
	2	208	7,494	16.10	40¼¢
	3	188	6,927	16.30	40¾¢
	4	152	5,246	16.70	41¾¢

*Please note that there were five payroll weeks except No. 5 and Meeker Co. which only had four because different factories pay their employees on different days of the week.

SCHEDULE 2

SCHEDULE OF PERCENTAGES OF HOURS AND VALUES OF PRODUCTION FOR FIRST QUARTER OF 1935 AS COMPARED WITH THE FIRST QUARTER OF 1934

MEEKER COMPANY

1935

	HOURS WORKED	VALUE OF PRODUCTION
JANUARY	Increase 24½%	Increase 57⅓%
FEBRUARY	Decrease 43¾%	Decrease 13⅓%
MARCH	Decrease 64¼%	Decrease 57¾%

FOR QUARTER OF THE YEAR
(JANUARY, FEBRUARY & MARCH)

DECREASE 36¼% in hours worked

DECREASE 24⅓% in value production.

E X H I B I T X

Code Authority Compliance Director's Report on Haverhill, Mass.

EXHIBIT X

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
303 FIFTH AVENUE
NEW YORK

April 16th, 1934.

Mr. O. W. Pearson
N. R. A.
45 Broadway
New York, New York

Dear Mr. Pearson:-

I am enclosing herewith copy of the letter from Haverhill, Massachusetts, relating to home work; also Mr. Berkowitz's report.

You will see from these that Mr. Berkowitz has made a close investigation of the matter and I believe has taken the necessary steps to remedy this situation.

Yours very truly,

(Signed) A. Mittenthal
Code Director
Ladies' Handbag Industry

A. Mittenthal/TD

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
303 FIFTH AVENUE
NEW YORK

Code Authority April 16th, 1934.

Gentlemen:-

I have made an investigation with reference to the manufacturing of woven leather handbags in the Haverhill, Mass. district.

This Industry consists of 12 manufacturers who employ about 2,000 people. 90% of this work is done in the homes of women and children. 10% is done in the factories. The work done in the factories consists of the cutting and only male labor is used in this operation. The first manufacturer started in about 4 years ago. The remainder are all new firms and they are all located in the cities of Haverhill, Ipswich, Lynn and W. Lynn. Their product is sold to jobbers and in a few instances, these jobbers control a large percentage of their output. These jobbers are continually trying to break down the price of the bag so that the labor costs do not net the workers a living wage.

I have investigated a number of factories and checked up their payrolls. The workers in the factories receive the minimum wage. The home workers work on a piece work basis; the pay is very low and it is impossible to determine the number of hours they work. This work is done by all the members of the family.

I interviewed Mr. George H. Croston, Secretary of N. R. A. Compliance Board, Haverhill, Mass., and had a conference with him with reference to this matter. He told me it was impossible for him to cope with the situation. The local authorities are helpless on account of pressure brought by the different churches and charitable institutions, claiming that it would help a great deal toward welfare work.

I had a conference with Mr. George Picard, Supervisor of Attendance at Whittier School, Haverhill, Mass. I questioned him with reference to the attendance of these children in schools; how they grow up with other American children and the children from different parts of the city. He told me that the children are rather bright and well nourished. However, he is in favor of abolishing this work at home. His opinion is that it has created a condition beyond the control of the local authorities.

I also interviewed Mr. Edward J. Meehan, of the Labor Dept. of 520 Bay State Building, Lawrence, Mass. He is entirely helpless in enforcing any regulations with reference to homework. The State of Massachusetts does not permit any inspector to go in anyone's home without a warrant. He can only regulate labor laws as far as factories are concerned.

In view of the conditions, I interviewed Miss Connolly of the Greek St. James Catholic School, where the majority of these children attend. She has assured me that the children are well nourished and taken care of and not over-worked. Of course this church is supported mostly by the workers in the vicinity who work on these bags, and therefore her opinion was biased. She agreed if anything could be done to have these bags made in the factories, conditions would be more satisfactory. I visited 21 homes where these bags are made. None of them have less than three children and the majority between eight and nine. Most of the children do this work after school hours. Some of the homes are in a very pitiful condition, and this money earned by the children is used not so much for the support, but more for little luxuries for the older children of the family. The majority of these people are of the Greek orthodox faith, and their morals are very high in view of the fact that the parents supervise their children very carefully. They are married between the ages of sixteen and eighteen years. The entire colony is a replica of a small community from Greece into the United States.

After interviewing each and every owner of these factories, I called a meeting which was held at the St. Nicholas Hotel. An Association was formed under the name of Haverhill Bag Manufacturers. They agreed to immediately systematize their business and have the same women do the work in the factories.

I have formulated plans whereby they could increase their production and not deprive anyone of a livelihood; in fact increase a great deal of the earnings of the people without additional burdens to themselves. They have agreed to cooperate to the full extent with the Code Authority, and promised to live up to the letter of the law.

It is my opinion that some good constructive work has been accomplished and that homework will be entirely eliminated by these manufacturers. I expect to make another visit to see if the changes that were promised had been put into effect.

(Signed) Max Berkowitz

Code Director

TD

9811

March 4th, 1935.

Haverhill, Mass.

To the N. R. A. Labor Dept.

Dear Sir:-

I do not know how to start this letter but first of all I'm a sweat-shop worker but none as tragic as this. So please listen and help the children of Haverhill. For you are the only ones that can do it. I say this is a tragic letter. Yes tragic. I do not know what your idea of tragic is but I do think that the most tragic thing to do is for fathers to go out and enjoy themselves, not work mind you, while their children work and sweat till after midnight. That's what the fathers of Haverhill do, especially the best of fathers. They force their little children from the age of 9 to 12 to work from 6 o'clock in the morning till after midnight. And on what. Those handweaved bags, that is the specialty of Haverhill. They are weaved all the way through. They make not in the shops in Haverhill, but instead in the houses. All the children work nights trying to make those bags till 1 or 2 after midnight. Then the next day they do to school all in, unable to do their lessons. The teachers complain all the time. Lately we got word that the N.R.A. will not allow them to be made in the houses but in the shops and the poor kids were overwhelmed with joy. But the fathers were all angry. And the children are afraid to say anthing. And now they don't know what to do. They made their children work while they the fathers went to the coffee houses and beer joints and enjoyed themselves, on their children's sweat money. While their wives and children slaved themselves. When they should get sleep instead. That's why there is so many sicknesses in Haverhill, the germs from that leather brought sickness in all the homes. Do you think that's right? Would you let a thing like that continue? You that have the power. Well to continue, the fathers kind of liked loafing like that. But now there all flaring up because those hand bags cannot be made in the houses. They got lazy. They are afraid to go back to work. You must stop those bags from being made into the houses completely. Give the kids a break. Because I didn't get mine. I did them ever since I was 14 and I'm now 18 years old. And I'm a girl and I'm sick and tired of watching little kids losing fun. Make the fathers go to work, that's their duty, not their little kids. The manufacturers of Phoinix Novelty Co., United Bag Co. and Essex are using all their power to have made in the homes because they are in the money and are afraid to lose a chance like that if we got paid properly I wouldn't mind, but to do a whole bag through we get 8½¢ and it takes almost 2 hrs. for it. So stop them please. Don't give them a chance to pull it through. Give the kids a break, if you want them to grow and be real American citizens and not turn their faces against America. Like they almost made me. So please use all your force to stop hand bags from being made in the houses but instead in the shops where they belong.

Very truly yours,
A. Sweatworker

9811

P. S. Nobody picked up courage to do this they're all afraid of their fathers and husbands. I had to do this and write to you. I don't dare sign my name or addesss because if they find out they will certainly kill me. But it's true every word of it. Enclosed you will find some pieces to prove it. And here are some addresses where they make the kids work till midnight. If you don't believe it send secret agents and find out for yourselves. And when you do, I know you will stop it.

Primrose St. - #132 - #190 - $109 - $164 - #13 - #14 - #165

Harrison St. - #165 - #155 - #163 - Also Lewis St. & Maple St. - almost half of Haverhill.

Maybe they are mixed up a bit but on Harrison St. almost all the h uses. Please do something. Let them be done in the shops.

MIDWEST
HANDBAG & SMALL LEATHER WARES
ASSOCIATION

October 23, 1934.

Mr. Pearson
Code Authority
Ladies Handbag Industry
347 Fifth Avenue
New York, N. Y.

Dear Mr. Pearson:

Attached you will find a copy of a telegram sent to the Code Authority, New York City, with reference to a meeting held in Chicago in honor or Mr. Berkowitz.

Yours very truly,

MIDWEST HANDBAG AND SMALL
LEATHER WARES ASS'N.

By H.L.FORST
H.L. Forst, Sec'y.

HLF:RR

9811

WESTERN UNION

October 23, 1934.

CODE AUTHORITY
LADIES HANDBAG INDUSTRY
347 FIFTH AVENUE
NEW YORK, N. Y.

AT A MEETING OF THE MIDWEST HANDBAG MANUFACTURERS HELD AT THE BISMARCK HOTEL MONDAY EVENING OCTOBER TWENTY SECOND IN HONOR OF MR. M. BERKOWITZ CODE DIRECTOR THE FOLLOWING RESOLUTION WAS ADOPTED -- A VOTE OF THANKS BE GIVEN THE ENTIRE CODE AUTHORITY ESPECIALLY MR. BERKOWITZ FOR THEIR INTELLIGENT AND EXPERT INTERPRETATION OF THE PURPOSE OF THE N. R. A. ALSO A VOTE OF THANKS BE GIVEN MR. M. H. BLUMENFELD MIDWEST REPRESENTATIVE OF THE CODE AUTHORITY FOR HIS IMPARTIAL ASSISTANCE TO THE MIDWEST MANUFACTURERS IN EXPLAINING THE CODE FUNCTIONS.

MIDWEST HANDBAG & SMALL LEATHER WARES ASS'N.

M. L. FORST, Secretary

Charge to:
Midwest Handbag & Small Lea. Wares Ass'n.

9811

E X H I B I T Y

Report of A. A. Fisher on the Budget

EXHIBIT Y

June 20, 1935

MEMORANDUM

To: Colonel Walter Mangum
Deputy Administrator

From: A. A. Fisher
Assistant Deputy - Staff Representative of
Textile Division Administrator in Liaison
with Label Code Authorities

Subject: Ladies' Handbag Code Authority

To supplement the Case History of the above Code Authority, the following data pertinent to Paragraph C of the Outline of Case Histories, has been obtained from Docketed Budgets in the files of the Code Record Section of the N.R.A., audits in the files of the Code Authorities Accounts Section, supplemented by an inspection of records kept by the Code Authority at its office located at 347 Fifth Avenue, New York, New York.

Budgets and Bases of Assessment

The Code for the Ladies' Handbag Industry was approved March 14, 1934, effective March 26, 1934.

The original Budget was submitted for the period March 26, 1934 to March 26, 1935 in the aggregate amount of $140,180.00 estimated expenditures, with the total gross income estimated at $149,999.00. This Budget was approved by Administrative Order 332-8, May 28, 1934, with the following basis of contribution authorized by Article VI, Section 7 (f) of the Code; 1/3 of 1% of the dollar sales volume. Objections having been filed with the Administration prior to the effective date of said Order, a stay of Order 332-8 was approved by Administrative Order 332-11, under date of June 9, 1934.

A revised Budget for the period March 26, 1934 to March 26, 1935 was submitted June 28, 1934 estimating aggregate expenditures, for the period, of $133,540.00. Said revised Budget in the amount of $133,540.00 was approved July 16, 1934 with the previously approved basis of contribution affirmed (to wit, 1/3 of 1% of the total net dollar volume of sales).

March 13, 1935 a new Budget was submitted for the period from March 26, 1935 to March 25, 1936, estimating aggregate expenditures of $110,641.00, broken down into two periods; from March 26, 1935 to June 16, 1935 estimated expenditures of $31,540.00; from June 17, 1935 to March 25, 1936, estimated expentures of $79,101.00. In addition to reflecting a reduction of

$23,000.00 in estimated expenditures the newly submitted Budget provided for a reduction in the bases of assessment to 1/4 of 1% of sales of manufacturers and manufacturing jobbers. Based upon an estimated Industry volume of $45,000,000.00, the assessment was estimated to provide a total income for the year of $112,500.00. The method of collecting assessments to be as follows: sale of labels to manufacturers and manufacturing jobbers at the rate of $2.50 per thousand labels, the total amount of label sales to be credited as an advance against the assessments.

Administrative Order 332-25, dated May 24, 1935, approved the submitted Budget to the extent of $31,540.00 for the period from March 26, 1935 to June 16, 1935, and subject to an extension of the Code by operation of the law, conditionally approved the budgeted expenditures for the period from June 17, 1935 to March 25, 1936 in the amount of $79,101.00.

The basis of contribution approved by Order 332-25 as authorized by Article VI, Section 8 (f) of the Code as amended was 1/4 of 1% of gross sales of each member of the Industry, payable monthly, provided that members of the Industry shall purchase labels to be used on articles manufactured and/or sold at the rate of $2.50 per thousand and charges paid considered as deposits by members of the Industry to be credited at the end of each month, during the budgetary period. Calculating on the approved basis of contribution, (to wit, 1/4 of 1% of gross sales) Order 332-25 also provided that the $5,000.00 included in the budget for trade development and research, or any portion thereof, shall not be expended unless such expenditures shall first be authorized by the National Industrial Recovery Board.

Label Sales and Income

In submitting the last budget March 13, 1935 the Code Authority reported:

Estimate of Label Sales from March 26, 1934 to June 18, 1934 (date of first sale)	10,000,000 labels
Number of Labels actually sold from June 18, 1934 to January 31, 1935	25,262,200 "
Estimated February 1st to March 25, 1935	6,000,000 "
Total Labels estimated applicable to full year ending March 25, 1935	41,262,200 labels

For the new budgetary year from March 26, 1935 to March 25, 1936 the Code Authority estimated a probable sale of 65,000,000 labels, divided into 45,000,000 labels to be sold to the 525 present members of the Ladies' Handbag Industry paying assessments, and 20,000,000 to be sold to two new groups, (to wit, Imitation Leather & Novelties Industry, and Shopping Bags, Bathing Bags, etc., Industry) expected soon to be included under the administration of this Code Authority.

The Ladies' Handbag Industry members subject to the provisions of the Code were stated to be 500 unit establishments consisting of 325 manufacturers and manufacturing jobbers and 175 contractors, the latter not being subject to assessment, with total employment of 15,000 workers on an estimated annual payroll (for 1934-1935) of $9,000,000.00

Total Industry sales for 1934-1935 were estimated at $35,000,000.00 against which assessments had been collected to January 31, 1935 on net sales of $26,093,664.

The mandatory use of labels became effective July 2, 1934 at $2.50 per thousand, but the first issuance of labels occurred June 18, 1934. From that date to May 3, 1935 when the records of the Code Authority were inspected the following is a monthly tabulation of regular labels sold to manufacturers and the aggregate of sticker labels sold for merchandise on hand July 2, 1934.

Unit Sales of Labels

1934	Regular Labels	1935	Regular Labels
June (from 18th)	1,220,000	Jan.	3,543,000
July	2,154,000	Feb.	3,092,000
August	3,529,000	March	3,754,000
September	3,487,000	April	4,571,000
October	4,044,500	May (to 3rd)	491,500
November	4,310,000	Total June 18,1934 to May 3, 1935	36,607,000
		Total Sticker Label Sales	825,000
		Grand Total Label Unit Sales	37,432,000

The actual cost of labels to the Code Authority was:

Regular Labels	first	30,000,000 at 40¢ per M	2/10 E.O.M.
	next	10,000,000 at 27¢ " "	2/10 E.O.M.
Sticker Labels	first	500,000 at 19¢ " "	
	next	200,000 at 19½¢ " "	
	last	200,000 at 25¢ " "	

When the Code Authority activities were suspended May 27, 1935 a report of audit for the first budgetary period ended March 26, 1935 was in course of preparation by Hones & Davis, Certified Public Accountants of 521 Fifth Avenue, New York. The latest interim audit report by these accountants was for the period from March 26, 1934 to February 28, 1935 (see files of Code Authorities Accounts Section) from which the following is summarized:

Ladies' Handbag Code Authority, March 26, 1934 to February 28,1935:

Income:

Assessments of 1/3 of 1% on Manufacturers' Reported Sales of $28,166,893.00		$93,889.66
Advances against Past Due Assessments		3,636.69
Advances against February Assessments		7,731.25
Sales of 235,225 Retail Labels	$588.10	
Less cost of Retail Labels sold	46.41	541.69
Total Income		$105,799.29

Expenses:

Cost of 28,354,700 Labels issued to Manufacturers	$11,228.56	
Salaries: Administration, Compliance and General	34,078.27	
Rent & Other Operating Expenses	12,356.20	
Office Equipment & Organization Expense	7,911.41	
Total Expenses		$ 65,574.44
Surplus of Income over Expenses		$ 40,224.85

Financial Operations

At February 28, 1935 the Code Authority had accumulated a surplus of Income over expenditures amounting to $40,224.85 which was reflected as follows:

Cash Balances	$42,690.71
Due from Handbag Manufacturers	614.43
Travelling Fund (Redeposited 3/4/35)	345.27
Insurance Premiums Unexpired	220.00
Inventory of Labels on Hand	244.03
Total Assets	$44,114.44

Less		
Due to Handbag Manufacturers	$1,187.57	
Accounts Payable & Accrued Expenses	2,702.02	
Total Liabilities		$3,889.59
Surplus 2/28/35 with Code Authority as Trustees		$40,224.85

Except during the early weeks of Code Authority operations when a temporary bank loan financed initial committments, the sale of labels provided ample funds for required expenditures.

Although the actual income was from assessments on manufacturers and manufacturing jobbers sales at the rate of 1/3 of 1% for the first budgetary year and 1/4 of 1% from March 25,1935, the label was a powerful instrument in expediting assessment collection. Industry members ordered and paid for three weeks' supply of labels which were furnished only when the applicant reported actual sales for the preceding month. The assessment thereon was charged to the applicant and the remittance accompanying the order for labels was credited against the assessment so charged.

In view of accumulated and accumulating surplus, the Code Authority on March 7, 1935 voted the distribution from the surplus of $30,000.00 to members of the Industry in proportion to the amount contributed during the budgetary year ending March 25, 1935. Following the vote, the surplus of $30,000.00 was thereupon segregated in a special bank account and distribution had been made thereupon to the extent of about $23,000.00 at May 3, 1935. The undistributed balance of $8,742.79 was being held awaiting final submission of sales volume figures from certain members of the Industry.

The actual cash balances in the Code Authority bank accounts at the close of business, May 3, 1935, was as follows:

Sterling National Bank & Trust Company	$9,454.83
Manufacturers' Trust Company	10,416.24
" " " (Special Acct)	8,742.79

This Code Authority had no account for restitution of the employees' wages as the policy adopted was to obtain from the respective employers checks to the order of the employees which were turned over to and distributed by the Code Authority to the employees against a receipt retained in the Code Authority files.

During the period of its operations to March 31, 1935 the Code Authority's Compliance Division made 3,158 investigations. Restitution of wages to the amount of $14,811.22 was made to 1,041 employees of 70 firms found non-complying with Code provisions. On March,31, 1935, 85 cases were pending involving about $16,000.00.

General

General compliance with Code provisions was obtained in a very satisfactory degree through the personality and highly constructive activities of the two Code Directors in charge respectively of the Administration and Compliance Divisions. The Compliance Director made frequent personal surveys of Industry establishments and obtained hearty cooperation throughout the Industry.

Monthly and geographical statistics pertaining to Industry dollar sales, Labels issued, Handbags Put in Work, Average Number of Employees, Number of Hours worked and Wages Paid, during the period ended February 28, 1935 may be found in the audit reports of Homas and Davis in the Code Authorities Accounts Section files.

A partial summary for the period from June 10, 1934 to February 28, 1935 follows:

Area	Net Sales Reported(*)		Labels Issued		Handbags Put
	Amount	%	No.	%	in Work
New York City	$12,091,814	42.93	9,556,000	33.70	7,475,610
New England	5,642,972	20.03	6,391,125	22.54	5,073,142
Middle Atlantic	7,980,718	28.33	10,737,700	37.87	9,123,261
Southern	637,855	2.26	436,500	1.54	292,002
Mid-Western	1,558,894	5.53	1,069,375	3.77	815,892
Western	254,645	.92	164,000	.58	99,631
	$28,166,898	100.00%	28,354,700	100.00%	22,879,538

(*) The number of manufactures reporting sales during the period varied as follows:

Period	Reports Received
March 26 to April 30, 1934	267
May, 1934	273
June, 1934	272
July, 1934	282
August, 1934	302
Sept., 1934	311
October, 1934	303
November, 1934	291
December, 1934	271
January, 1935	193
February, 1935	3

Following the Supreme Court decision in the Schechter case rendered on May 27, 1935, there was strong evidence of the desire of members of this Industry to continue the Fair Trade Practice provisions of the Code. There continued application to

the Code Authority for the issuance of NRA labels and an unreported number of labels, it was understood, were thereafter supplied to applicants making such voluntary applications.

Current press reports indicate a meeting of a general committee of the Women's Handbag Industry, to adopt a voluntary Code agreement, will be held on June 24, 1935, to be followed by an Industry wide gathering on June 25, 1935, to approve the Committee's plan. Mr. A. Mittenthal, Executive Director of the former Ladies' Handbag Code Authority, is reported to have said that firms representing more than 85% of the sales volume of the Industry have agreed to the adoption of such an agreement upon the committee's' approval. The plan aims to continue the same code wages, hours and fair trade practice rules. A bureau for the registration of designs will be an added feature. The agreement also will call for the use of a "security label" that will serve as a symbol to retailers and consumers that the manufacturer is complying with wage and hour standards, is not employing child labor and is abiding by the fair trade rules.

(Signed) A. A. Fisher

A. A. Fisher
Assistant Deputy

E X H I B I T Z

Excerpts from Code Authority
Minutes and brief in re Price Groupings

EXHIBIT "Z"

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
MEETING NO. 18
HOTEL McALPIN - AUGUST 2, 1934 - 6:30 P. M.
(EXCERPT OF MINUTES)

Code Director, A. Mittenthal, rendered a report on Price Groupings. (Report attached) Exhibit E

It was duly moved by Mr. G. Meyers and duly seconded by Mr. M. Warschauer, that the Code Authority go on record in favor of price groupings, and that a committee take the matter up with the retailers, and report back to the Code Authority. Carried.

Report rendered on Committee to Study Existing Conditions in the Industry. Code Director, A. Mittenthal, presented the following resolution for adoption: (Exhibit F attached)

RESOLVED that the Code of Fair Competition for the Ladies' Handbag Industry be amended by inserting a trade practice rule which shall be known as Section 16 of Article VIII to read as follows:

"No member of the industry shall repair bags without making a reasonable charge for such repairs, when such bags show that they have been in use. No member of the industry shall pay any forwarding charges for such repairs."

It was duly moved by Mr. S. Mutterperl and duly seconded by Mr. M. H. Blumenfeld that this resolution be approved. Carried.

Meeting adjourned at 11:30 P. M.

I hereby certify that the above minutes are a true record.

/S/ Irving Schoenholz

Secretary

REPORT ON PRICE GROUPINGS

The matter of price groupings was discussed with the Deputy Administrator in Washington, and also with the Legal Division. It is suggested by the Deputy Administrator that the Code Authority ask to have the Code amended so as to include the following section:

> "Wholesale Prices.....To maintain established trade practice, and to limit the multiplication of numbers, but without any attempt at price fixing, each person being free to determine the value to be given at each price, the following shall be the wholesale prices, per dozen, for sale to retailers, and no intermediate prices may be used."

It will also be necessary to insert into this section the list of prices to be included in this price grouping. If the Code Authority feels that it is important to have price grouping in the Code, they should act on this amendment at once.

PRICE GROUPINGS

The fixing of a price range by a manufacturer does not in any way mean the fixing of prices in the sense that it destroys competition. There are no two manufacturers who make identical bags, either in style or materials or in exact value. A price range set by a manufacturer for his product is absolutely necessary to such manufacturer, particularly those with limited capital and small production.

It is for these reasons the industry, during the past five years, has become highly specialized as to a particular price range. The largest number of manufacturers make either one or two price ranges.

The largest volume of business in the industry is had by those who manufacture bags to wholesale at $7.75 a dozen only, and $15.75 a dozen only, and $22.50 a dozen only. They give the best value possible at the limit of price that the retailer will pay for a bag to retail at $1.00, $1.95, or $2.95 respectively. With every manufacturer competing on these price levels competition is based entirely upon value and style. The industry is a highly styled one, and the manufacturer who guesses wrong on style, color or material, suffers a loss regardless of the amount of intrinsic value in the bag.

To produce a finished handbag requires the assembling of from ten to twenty different materials, and the processing requires about twenty distinct operations. It is important that the Ladies' Handbag Industry be permitted to have price groupings at which price groupings manufacturers will compete on a basis of style, quality and value. Such price groupings shall be maintained by all manufacturers in the industry.

The retailer, even if he is not inclined to buy the line that has been quoted at $7.50 a dozen or sometimes at $7.25 a dozen, uses these prices nevertheless to break down the price lines quoted at $7.75 a dozen. The quoting of a price of $7.50 a dozen or $7.25 a dozen by this small number of manufacturers, creates a price war between the manufacturers. The lower prices must soon be met by other manufacturers. The price of $7.75 a dozen, at which price fifty manufacturers have built their lines, in which they are giving the best value they can afford to give with only a minimum of profit added, is immediately destroyed.

If these manufacturers continue to sell the same lines at the lower prices they built to sell at $7.75 a dozen, the difference in prices usually is enough to offset their margin of profit. If they discard their lines and make up new lines to meet the lower price levels, they must do so at a complete loss of their investment in time, materials and labor. The chances are, after they have made up the new lines to meet the lower price levels, the manufacturers who are engaged in this price war competition will again lower their prices. The whole practice is a vicious one, with the net result that neither manufacturers nor retailers make a profit. The large number of failures amongst the manufacturers in the industry each year will bear evidence of the results of this destructive price competition.

Price groupings will establish price levels, and prevent destruction of profits in the industry.

E X H I B I T A-1

Virginia Art Studios

March 30, 1934

Mr. James C. Worthy,
Assistant Deputy Administrator,
National Recovery Administration,
Washington, D. C.

Dear Sir:

I am advised by the Virginia Art Goods Studios, Inc., located in this city, that acting upon Executive Order #2, of July 15, 1933, whereby privilege is given all persons or corporations to petition for exception to, exemption from or modification of any Code of Fair Competition which materially affects said persons or corporations, in which said persons or corporations have had no part in forming either in person or by representation, they will file a petition for modification of certain provisions and conditions set forth in the Code for the Ladies Hand-Bag Industry, approved Code #332.

In all fairness and justice the Lynchburg Chamber of Commerce earnestly hopes that this concern will be granted a hearing in this matter. They were not represented when the final code was adopted, and know nothing of its final provisions. I have studied this Code carefully, and feel that it will work an undue hardship on this concern. Lynchburg is an industrial center, and practically every industry is now operating under its permanent code. In our shoe factories, textile mills, garment factories, hosiery mills and practically all others, the minimum wage of 30 cents per hour for a 40 hour week, or $12.00 a week, is fixed. Identically the same class of labor is used in the hand bag establishment as in the other industries and it grossly unfair to them that they should be compelled to pay a minimum wage of $14.00 per week as against $12.00 per week minimum existing in all the other industries in the city. The other industries in Lynchburg are operating under codes in which labor differentials are allowed, because of their southern location, but no such differential is allowed in the Hand-Bag Code. The codes of all the other industries in the city allow a differential for apprentices and learners of at least 80% of the wage, whereas the Hand-Bag Code makes no such provision.

I am thoroughly acquainted with the nature of the business of this hand-bag establishment, and I know that they operate on a very narrow margin of profit. If they are compelled to pay the wages prescribed in their Code, I firmly believe it will result in their being forced out of business. They are only a small establishment as far as the industry is concerned, and have continued in business only by overcoming tremendous handicaps.

They will petition for a minimum wage of 30 cents per hour for a 40 hour week, and for a wage of 80% of this minimum for apprentices for a period of at least six or eight weeks. I think this request to be eminently fair, and will only be giving to them the same rights and privileges allowed under the various codes to all the other industries in the city. May I express the hope that the petition of this concern

for a hearing will be readily granted, as I am sure that the facts in the case will warrant?

Very truly yours,

(Signed) R. D. R.
Robert D. Ramsey,
Business Manager.

Copy to
The Virginia Art Goods Studios, Inc.,
Lynchburg, Va.

STATE OF VIRGINIA,
To-Wit:
CITY OF LYNCHBURG,

I Mamie E. Rohr, do hereby make affidavit as follows:

1. I am President of Virginia Art Goods Studios, Incorporated, a corporation organized under the laws of the State of Virginia, and engaged in the manufacture and sale of ladies' handbags.

2. I have been President of said corporation since its organization, and have personal knowledge of the facts herein set forth.

3. That said Corporation has complied with all the provisions of the Code of Fair Competition for the Ladies' Handbag Industry, except as to its provisions relating to labor, as to which particular provisions it has been, and is, operating under an exemption order, expiring September 1, 1934; and that it has complied with all the provisions and conditions of said exemption order.

4. That it is essential to the interests of said Corporation that said period of exemption be extended to such time as the peculiar situation of said Corporation, and the few others in like situation, may be appropriately provided for by amendments to the said Code which have been, or in due course will be, presented for consideration.

5. That the existing provisions of said Code relating to labor work undue hardship upon said Corporation for the following reasons:

   (a) The business in which it is engaged is highly competitive. There are many such manufacturers in the northern states, where the business has been an established one for many years; and where the skilled labor required is plentiful and easy to secure, and is able to turn out finished products in a volume and with a speed which can be equalled only equally skilled and experienced labor.

(b) The Virginia Art Goods Studios, Incorporated, is a pioneer in its locality. Its factory is located in Lynchburg, Virginia, where the requisite skilled labor is comparatively scarce, and has to be trained. And even when locally trained, the available labor is unable to compare with that in northern factories, in the volume and speed of production.

(c) The practical and inevitable result is that the Virginia Art Goods Studios, Incorporated, cannot successfully compete with other manufacturers whose output per capita of employees is so much greater.

(d) An analysis of the books of Virginia Art Goods Studios, Incorporated, discloses that during a typical two-weeks period in September, 1933, the Company's production and sale cost, exclusive of officers' salaries and overhead, was $10,321.12. The sale price of the products so produced was $12,205.50, showing a substantial loss when salaries and overhead are taken into account. Upon its fall operations in 1933 our Company sustained a loss of $11,000.00. During that period our Company operated under a wage scale which was a 20% increase over that previously obtaining, accomplished by reduction of hours of labor from 48 to 40 per week.

Every reasonable endeavor has been made to increase production by proper methods, but the wage scale provided in the Code gives little prospect of profitable operation.

During the first two weeks of August, 1934, the sale value of the Company's products was $6,550.00, the production and sale cost thereof, not including salaries and overhead, was $4,853.47, still indicating an actual loss.

Tests made in our factory by our production manager, who has had experience in northern factories, indicate that the volume of production in our factory by employees available in our section, is approximately 70% of that in northern factories, due to difference in the efficiency of our employees in comparison.

Although the prices of our products have left no margin of profit, as above set forth, they are higher than those of northern manufacturers for similar products. Therefore it is obvious that the selling price cannot be increased. The only source of relief would seem to be a more equitable wage scale for our territory.

The Virginia Art Goods Studios has been enabled to continue in operation because of its ownership of patents on a spring line of ladies' bags which it has been able to manufacture in volume and sell at a reasonable profit.

But recently there have been infringements of its patents, and cheap imitations of its exclusive products, which have materially affected its business, and will most probably be more disastrous in future pending delays and difficulties of litigation looking to our protection.

In view of this situation losses sustained in the fall cannot be counter-balanced as heretofore by profits on spring business, which is further evidence of the need of a lower wage scale for our industry, which would not work a hardship on our employees in view of the lower cost of living in the south.

(e) There are many expenses, including taxes, licenses, rent, power, light and heat, which are common to all industrial concerns in its locality; and yet the Virginia Art Goods Studios, Incorporated, is required under the Code for its Industry, to pay a higher minimum wage than any other industry in its locality, even under the respective Codes for such other industries, thus placing said Company at a marked disadvantage with such other local industrial concerns.

6. There are very few, certainly not exceeding half a dozen concerns or establishments engaged in the manufacture of ladies' handbags in all the southern states. Those few are striving to develop the industry in their respective territories and to provide employment for labor now unemployed. But unless accorded a proper differential as to wages to be paid their employees, they will be so seriously handicapped in their efforts that they will not be able to maintain themselves on a fairly profitable basis, in competition with more fortunately situated competitors.

7. It is necessary, in the business of the Virginia Art Goods Studios, Incorporated, to employ at all times a number of unskilled apprentices or learners, who are inefficient and not profitably productive during such period of training, at this wage scale fixed by the Code. And this materially increases the disadvantage of its situation, as a competitor of concerns which are not compelled to use such untrained labor to a like extent.

8. This affidavit is made for the purpose of filing the same with the Administrator in support of the petition of the Virginia Art Goods Studios, Incorporated, praying an extension of the period during which it may be exempted from the labor provisions of the Code of Fair Competition for the Ladies' Handbag Industry.

9. A copy of said petition with its accompanying documents, has

been forwarded to Code Authority, Ladies' Handbag Industry, 347 Fifth Avenue, New York.

/s/ Mamie E. Rohr

Subscribed and sworn to before me this 25th day of August, 1934.

WITNESS my hand and Notarial seal.

/s/ Emma D. Ambrose
Notary Public

(SEAL) My commission expires Sept. 4, 1934.

STATE OF VIRGINIA,
To-Wit:
CITY OF LYNCHBURG,

I, O. H. Tufts, do hereby make the following affidavit:

1. I am a Certified Public Accountant, residing and doing business in the City of Lynchburg, Va.

2. I audited the books of the Virginia Art Goods Studios, Incorporated, covering its operations for 1933.

3. I have read the affidavit of Mamie E. Rohr made to be filed in support of petition of said Corporation for an extension of the period of exemption from the labor provisions of the Code adopted for its industry, and have checked the figures therein set forth for operations during a portion of September, 1933, and August, 1934. I find them in agreement with the cost record kept. My audit for 1933 shows actual cost slightly in excess of cost records. The $11,000.00 loss on its business during the fall of 1933 is correct and in agreement with my audit report.

/s/ O. H. Tufts

Subscribed and sworn to before me this 25th day of August, 1934.

Witness my hand and Notarial seal.

/s/ Emma D. Ambrose
Notary Public

SEAL My commission expires Sept. 4, 1934

STATE OF VIRGINIA,
To-Wit:
CITY OF LYNCHBURG,

I Edmund Waltuck, do hereby make affidavit as follows:

1. I have had many years of experience as designer, superintendent of labor, and production manager, in factories engaged in the manufacture of ladies' handbags, in northern states; and am now Production Manager for Virginia Art Goods Studios, Incorporated, at its factory in Lynchburg, Va.

2. In the northern states, where the ladies' handbag industry has been established for many years, there is at all times an available supply of skilled labor suitable to the needs of the several manufacturers.

3. In Virginia there is no such ready supply of skilled labor, and in the Lynchburg factory of the Virginia Art Goods Studios there is always need for a number of learners in training who are not probitable producers during their period of training, which is usually about eight or ten weeks.

4. The available labor in Virginia, even after training, is not able to turn out the same volume of production per capita of employees as the same type of labor in northern factories. This is due to tempermental, racial and community differences, which are likely to continue to exist for many years.

5. Tests that I have made in the Lynchburg factory disclose that the volume of production by the regular employees available is only about 70% of that secured in northern factories under similar conditions.

/s/ Edmund Waltuck

Subscribed and sworn to before me this 25th day of August, 1934.

WITNESS MY HAND AND NOTARIAL SEAL.

/s/ Emma D. Ambrose
Notary Public

(SEAL)

May 11, 1934
In reply refer to Division 5.

Miss Mamie E. Rohr, President,
The Virginia Art Goods Studios, Inc.,
1306 Church Street,
Lynchburg, Va.

Dear Miss Rohr:

I have been studying the files or correspondence on your application for an exemption and modification of the Code of Fair Competition for the Ladies Handbag Industry.

As you are aware, a Hearing was held on a number of other applications for exemption May 7, at which time your petitions and correspondence were read into the records. Before making any final decision, however, it will be necessary for us to have much more and complete information on your peculiar problems than we now have. I should appreciate your submitting to me as quickly as possible, the following data:

(1) The amount of business done in the year 1933 in bags made of real leather;

(2) The amount of business done in 1933 in bags made of imitation leather;

(3) The amount of business done in the year 1933 in bags made of fabrics and other materials;

(4) Do the same workers work on all three types of bags?

(5) How many workers were employed in the peak of your season in 1933?

(6) How many were employed during the lowest point of your season in 1933?

(7) On what basis are your workers compensated? (I.E., piece work, hour work, or week work)

(8) Classify your employees according to operation performed, stating hourly compensation of each.

(9) In which price ranges are your goods sold?

(10) Since the adoption of the Code, has there been any change in these price ranges? If so, what?

(11) What percentage of the wholesale price of your products is represented by direct labor costs?

(12) What percentage of your wholesale price is represented by selling costs?

(13) What percentage of your wholesale price is represented by administrative and general overhead costs?

(14) What are your regular channels of distribution, (i.e., wholesale, direct sales to retailers, etc., etc.)

(15) Do your products enjoy a national-wide distribution? If not, in which areas do you make your biggest sales?

(16) Give me the names and addresses of your most direct competitors.

Upon receipt of the above information, I shall be in a much better position to judge your case.

Very truly yours,

James C. Worthy

NATIONAL RECOVERY ADMINISTRATION

Washington, D. C.

MEMORANDUM June 1, 1934

To: Miss Robinson

From: Mr. Farnsworth

Subject: Virginia Art Goods Studio, Inc.

The Virginia Art Studios filed with the Administration a petition for exemption from certain provisions of the Ladies Handbag Code pursuant to the terms of the Executive Order of July 15. These people, I understand, had one or more conferences with Mr. Rosenblatt, with the result that Mr. Rosenblatt informed them that it would be unnecessary for them to appear at the Public Hearing, and that the filing of briefs would be sufficient.

The Hearing was held on a number of other similar petitions on May 7, and at that time the briefs filed by this concern were entered into the record. These briefs contained much necessary information, but most of it was of a more or less general sort. Before rendering a final decision on the matter, certain other information was quite necessary. If the petitioner had been present at the Hearing, this information could have been elicited by direct questioning. Since this is not the case, it was necessary to secure it by correspondence.

Attached herewith is a copy of the letter, dated May 11, sent to this firm requesting further information. To date no acknowledgment of this has been received.

I understand that these people object to this questionnaire on the ground that it would require a two weeks investigation by a certified public accountant. A study of these questions, I think, will show that this is not entirely the case. It is sufficient to answer the first three questions by means of approximations. Questions 4 through 10 certainly do not require the assistance of an accountant. A quick glance at payroll records would be sufficient to answer all of them.

The most important questions are Nos. 11, 12, and 13; for these a fairly exact answer is necessary, and it is conceivable that advices of an accountant might be necessary. Most firms, however, secure these figures in the ordinary course of business management.

Questions 14, 15, and 16, of course, do not require the assistances of an accountant.

/s/ W. P. F.
Wm. P. Farnsworth

June 12, 1934

The Honorable Carter Glass
United States Senate
Washington, D. C.

My dear Senator Glass:

I send you herewith copy of a letter dated May 11, addressed to Miss Mamie E. Rohr, President, The Virginia Art Goods Studios, Inc., 1306 Church Street, Lynchburg, Virginia, petitioners for exemption of the provisions of the Ladies Handbag Manufacturing Code. I also send you a summary of the status of this petition.

As I am very anxious to do whatever I can for Miss Rohr, could you assist me in having the petitioners submit the information requested so that the petition, if granted, will be based upon facts in our possession, and in accordance with Administration requirements.

Sincerely,

(signed) SOL A. ROSENBLATT
Division Administrator

CODE AUTHORITY

LADIES' HANDBAG INDUSTRY

347 Fifth Avenue

New York

July 3, 1934

Mr. David Barr
Assistant Deputy Administrator
Department of Commerce Building
Washington, D. C.

Dear Mr. Barr:

We are in receipt of your letter of June 29, 1934 in reference to the Virginia Art Goods Studios. The records of this case in the Administration files should show the following:

This firm did make application to the Administration for exception to the Code within the ten days following approval of the Code. However, it was proved that this firm was a member of the Associated Handbag Industries at the time the Code was approved, and since the Associated Handbag Industries of America was the sponsor of the Code, the Virginia Art Goods Studios were assentors to the Code.

In view of this information furnished by the Code Authority, the Virginia Art Goods Studios were notified that they were not entitled

to a hearing. This is the last that we heard of the case, and we therefore took it for granted that no exception to the Code has ever been granted to this firm.

If you desire our files for the purpose of ascertaining these facts, we shall be able to supply them to you.

Very truly yours,

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY

(Signed) A. Mittenthal
A. Mittenthal
Code Director

AM:AS

HEARING CALLED ON PETITION FOR EXEMPTION BY VIRGINIA ART STUDIOS TO WAGE PROVISION, LADIES' HANDBAG CODE, JULY 27, 1934.

The following were present:

Leigh E. Ore, Assistant Deputy Administrator, conducting the hearing
Miss Rohr, Virginia Art Studios
Mr. Taylor, Industrial Advisory Board
Miss Schneiderman, Labor Advisory Board
David Barr, Assistant Deputy Administrator
Harry S. Berry, Deputy Administrator
Mr. Mittenthal, Code Director
Mr. Berkowitz, Code Director

Mr. Ore, opening the hearing, asked for a brief statement of the case from Miss Rohr.

MISS ROHR: We began working under the President's Reemployment Agreement at its inception and lived up to it. In doing that the Virginia Art Studios lost $11,000 in the fall. We make slip cover bags, and if it were not for that we could not have stayed in business. In the spring we made enough to stand the loss. My sister wanted to go out of business in the fall, but we could not do that because too many people were dependent on us for work. We went ahead in spite of the fact we were losing. When the Handbag Code was up for discussion in New York the things we are asking for exemption on are just what was discussed and passed on. After that, the Code was changed without our knowing it. When it was formally passed the minimum wage was raised and the apprentice period left out.

MR. ORE: Mr. Mittenthal, do you have any knowledge on record which

would show whether or not the notice of the public hearing on the Ladies' Handbag Code was sent to the Virginia Art Studios?

MR. MITTENTHAL: Every known member of the industry was notified.

MR. ORE: You know of the public hearing?

MISS ROHR: Yes, and I did not appear but wrote to Mr. Glass and filed a petition.

MR. BARR: On the basis of that evidence, the petitioner is not entitled to an exemption under the July 15 order. They participated in the writing of the Code.

MISS ROHR: But the Code I participated in I was willing to live up to. I know nothing about the other one.

MR. BARR: The industry agreed to submit a certain Code. When it came to public hearing the approved code was the same.

MISS ROHR: We had no southern representative.

MR. ORE: I think we can waive that possible technicality. Do you belong to the Association?

MISS ROHR: We did not want to belong to the Ladies' Handbag Association.

MR. ORE: She did not assent to the code of 35¢ an hour but 30¢ an hour.

MISS ROHR: And as the code was presented to us there was an apprentice clause.

MR. MITTENTHAL: At the meeting of the Association there was a proposal for an apprentice clause which did not become a part of the Code. The rate of 30¢ an hour at that time was opposed by the Labor Board as being inadequate, and it was made 35¢ an hour for all sections of the country and it was approved.

MR. ORE: Will you state your viewpoint for the benefit of the record--your attitude in relation to this exemption?

MR. MITTENTHAL: It is my understanding that Miss Rohr had received a letter from the Deputy Administrator and that she thereupon paid a visit to Deputy Administrator Howard. Miss Rohr again visited the office and after that visit said she had not received any satisfaction.

MISS ROHR: The first letter stated we would be given a hearing. Then we had a letter of refusal saying we did not participate. That letter was not answered.

MR. MITTENTHAL: The Code Authority acted upon the petition after a thorough study of it and the conditions surrounding that particular factory. They voted the problem of the Virginia Art Studios was no

different than that of perhaps 100 other firms located outside of New York operating under the same or similar conditions, and therefore refused the petition.

MISS ROHR: I was not notified.

MR. MITTENTHAL: That was sent to the Administrator. It was then our understanding the Administration held a hearing in which the case of the Virginia Art Studios was one of the cases to be heard. At this hearing the Virginia Art Studios did not put in an appearance.

MISS ROHR: Mr. Howard and Mr. Rosenblatt told us we did not need to come. I was sorry they did not give us the benefit of coming. My sister and I came a few days before but we could not see Mr. Howard.

COLONEL BERRY: I understand an exemption is of only a temporary nature. If conditions are such as to warrant a permanent exemption there will be an amendment to the code. Any party can file an amendment. I think you should follow that method. It is my understanding from a talk with the Division Administration that NRA policy would require a 40¢ minimum wage and a 40 hour week. We have that in the Leather Code. We are going to take that up with the other codes in this section.

MISS CHNEIDERMAN: Instead of 30 and 35 it will be 40?

COLONEL BERRG: Yes. In leather, Boot and Shoe, Saddlery and Luggage. That is as far as I know. I do not think this lady can expect to get a permanent exemption and that is the only kind that would give any relief. My suggestion is to bring up amendments to this code, which is her privilege. The proper course is to propose these amendments and bring them out for discussion.

MISS ROHR: It is not our policy to underpay our people. They feel sure we are going to give them all we can. All we want is to make a fair profit and give the rest back to our employees.

COLONEL BERRY: That is beyond the province of NRA.

MR. ORE: What Colonel Berry says is true. But we must submit all evidence to support this petition for either approval of denial by the Division Administrator.

COLONEL BERRY: What period of time do you want?

MISS ROHR: We asked for an apprentice period from six to eight weeks.

COLONEL BERRY: What will that save you?

MISS ROHR: We asked for 80% of the minimum.

COLONEL BERRY: You save 7¢ an hour or $2.80 a week over a 6 weeks period. That would be less than $15 per employee. That would not be a material help.

MISS ROHR: We ask for a 30¢ minimum.

MR. MITTENTHAL: As reflecting the attitude of the Code Authority, in order to pass upon the petition of the Virginia Art Studios we wrote to them requesting information and statistics of their business and we failed to receive any reply. We also were told by the Administration they had requested certain facts which they did not obtain.

MISS ROHR: I think I can explain that. I have already said what happened. We hated very much to give the facts of our business out where they would be seen. We knew that committee was made up of competitors and we cannot compete with those in New York. We sent that list of questions to Mr, Glass and asked him if he would see General Johnson and see what he could do for us in the way of getting an exemption. Just what Mr. Glass did I do not know, but I know he got in touch with General Johnson and he wrote us a letter saying General Johnson said it was all right for us to proceed as we were.

MR. ORE: General Johnson was handling it in the regular manner of granting a stay. Evidently your petition was filed with this Administration within ten days after approval of the code.

MISS ROHR: That is not what Mr. Glass wrote, that he said.

MR. ORE: Regardless of that the Code Authority is approved by the Government and it is not optional with them. The figures they obtain are confidential and not to be given to other members of the industry. These two men act as Code Directors, and I have every reason to believe their work is kept confidential. Without facts in the record on which to base your petition for exception they had nothing else to do but to say they could not grant you an exception. You have been stayed. You are operating under a stay now--I believe a bit irregular, but the Administrator has been fit to overlook the technicality and permit you to operate under a stay and you are now paying your employees the minimum of $12 a week.

MISS ROHR: Very few of them get that little.

MR. ORE: The hour provisions are satisfactory. As Colonel Berry told you, all of these codes are to be reopened and brought into line with the policy of the Administration at 40¢ an hour--the suggestion of the Labor Advisory Board. In order to handle your case in the regular manner we are giving you this hearing and the Industrial Adviser and the Labor Adviser are present. It was not necessary to bring in the other boards, but we are giving all representatives a chance to put their statements into the record.

COLONEL BERRY: Mr. Barr, have you expressed your ideas?

MR. BARR: No. I am not familiar with your idea outlined before. I asked for the questionnaire and never received it and I have no actual facts upon which to base any conclusion. The first I knew this petitioner employs as many people as they do was yesterday. I thought it

a small concern with a limited production and if the code wage raised the wages of the vast majority of their small number of employees it was like other petitions we received. But I found today they employ over 160 people.

MISS ROHR: Not all of the year. Just in the spring when we make slip covers and that is not handbag work.

MR. BARR: From my experience with other members of the industry it is considered a large member of the industry. Their gross is over $250,000 a year. In the peak they employ about 160 and in the off season about 80, and very few of the employees get $12. They have an office in New York and sell in New York in competition with other manufacturers. I do not see any merit in the petition, but Miss Rohr has not finished her testimony and other facts may be brought out.

COLONEL BERRY: For what period did she ask exemption?

MR. BARR: Just under the Executive Order.

COLONEL BERRY: Is the stay now in force?

MR. BARR: That is correct. We are holding this hearing for the purpose of terminating this stay.

MR. ORE: I think Mr. Taylor has a statement.

MR. TAYLOR: The Industrial Advisory Board has believed from the beginning in such differentials in many industries to take care of certain situations that arise. Whether the Board would take that position on this case or not I am not sure. I think we should have further development of the facts, particularly those facts which might indicate this class is less efficient or productive than labor in New York.

MR. BARR: The situation here is this. While the industry is common in New York, it is now 80% of it in small cities around New York. The availability of workers is about the same in any industrial center. Most of these manufacturers are in small towns outside of New York, in Rochester, New Jersey small towns, and Connecticut in which they have to rely upon fairly unskilled workers in the beginning, so there is nothing particularly uncommon about Virginia Art Studios.

COLONEL BERRY: This exemption was granted how long since.

MR BARR: There was question about it. About a week or ten days ago this matter came up again, and I was directed to draw up an order granting a petition. While this was in the working Colonel Lynch called me in and then Mr. Ore called this morning.

COLONEL BERRY: These gentlemen are going to propose your amendment. When will you be able to get them together?

MR. MITTENTHAL: The next meeting of the Code Authority is Thursday. We have a meeting every two weeks.

COLONEL BERRY: We will have to have a hearing on these amendments before the end of August. The Labor Advisory Board will have some amendments. Do you see any objections to permitting this order to go into effect and remain in effect until the first of September, provided the petitioner desires to present an amendment to the code involved to get a differential?

MR. ORE: In that connection, Colonel Lynch said to hold a hearing and act upon the stay. She has not a formal petition for an exemption before the Administrator now. She is operating under a stay. The Administrator was of the same mind that there were only a few people involved. After the case has been settled on its merit or at any time, any interested party has a right to file a petition for amendment to the Code with the Code Authority. Even though the Code Authority may deny it, they are duty bound to turn it over to the Administration.

COLONEL BERRY: If the differential question is vital to this, there would be no objection to making a petition to the Administration that this stay not be terminated until September 1.

MR. TAYLOR: Terminate the stay and grant a 6 weeks temporary exemption.

MR. BARR: If the stay is terminated as the result of this hearing and the exemption granted under the order of July 15, it should be extended to those similarly situated.

COLONEL BERRY: We do not know yet the situation for each member of the industry would have to file an individual petition.

MR. MITTENTHAL: The Virginia Art Studios is one of the most highly regarded firms in the industry. Their business tactics are of the very highest, and anything that Miss Rohr says with respect to this case is exactly as she states. The problem that is presented to the industry because of the position taken by the Virginia Art Studios is one of grave moment to the industry. As it has been stated here, she is competing with manufacturers in other parts of the country and in New York and is able to maintain a good volume of business and I understand the firm is one of the best rated firms in the industry. The Code Authority is very much interested and concerned in the outcome of this case. We have had petitions from firms as far south as Miami, Florida, and there were no exemptions granted in any of the other cases that have come before the Code Authority.

MR. BARR: You mean the Code Authority has never recommended any.

MR. MITTENTHAL: Yes. I think some explanation is due the Code Authority as to why the Virginia Art Studios has been operating under a stay without any knowledge of the Code Authority. It was our understanding that failure to appear at the hearing was at that time. We received no notice of it. We received a letter from the Virginia Art Studios they would use labels of the Code Authority provided the Code

Authority did agree to the wage scale they had set for themselves and the apprentice clause under which they were operating. The Code Authority denied that request and a letter was written to the Virginia Art Studios stated the position of the Code Authority and cited them for non-compliance on facts in their letter and stated restitution would be required from March 26, and until restitution was made no labels would be issued. We received no reply to that letter written on July 5. Whatever is done in this case, I am impartial. Five hundred manufacturers are involved. A few hundred are vitally interested in the outcome, and whatever is done must be done in consideration of 500 manufacturers who are operating under the code.

MISS SCHNEIDERMAN: The Labor Advisory Board is opposed to any kind of territorial differential. Not voting against the Cotton Textile differential that was granted in the first code, we realize was a bad precedent to set. However, the excuse in the Cotton Textile differential was that there always existed a differential between the South and North and they were providing housing conditions at so low a rate that it almost made up for the differential in the code. Since that time it seems that any code that has no differential comes to the point where the southern manufacturers ask for it. The minimum rate is the minimum for the lowest type of employment, and in the factories in the North a very small percentage of the workers work on the minimum. The larger percentage are above the minimum. Pocketbook making is a skilled industry. I have not known about this case until I entered your office, Mr. Ore. so that I have no way of knowing the number of workers. In a way I think the whole thing has been handled irregularly. This organization has taken upon itself to have apprentices when no one else in the industry was allowed apprentices.

MISS ROHR: We have no apprentices. We hope to have them and need them.

MR. ORE: All we can do is to get the applicant's statement as to why this should be granted, and the representatives of the Code Authority, Industrial and Labor Advisory Board shall make their recommendations as to whether or not it shall be granted. The final decision is up to the Division Administrator, but in sending this petition to him we will furnish him with the high spots of the record of this hearing. If Miss Rohr has anything more to support her claim or if there are any other statements, I would like to have them.

MISS SCHNEIDERMAN: I do not see how you can grant a further stay without helping the other manufacturers that are in the South and outlying districts. I think this lady has enjoyed an exception no other manufacturers have. I think it grossly unfair to the other manufacturers.

MISS ROHR: While we are making our samples we have had nobody but our experts who are well paid so we really have not taken advantage until right now. We have quite a number of them back and some of them get $12 but most get more. The inefficient have not been called back as yet.

MR. ORE: That is one reason why we called this hearing. We want to settle this case as promptly as possible because Miss Rohr is coming into her peak season now.

MR. MITTENTHAL: In view of what Miss Rohr has said, I think it most important for her to know just where she stands.

MISS ROHR: We have absolutely no desire to have any consideration over above other people. We don't want to be in a position where we can make more money than other people. We want to supply our people with work and make a fair profit. Last year in working under the code we had to borrow from the bank. We don't want to make demands on our bank. When we were first in business we made money. We raised our people. Then came the lean years and we lost money and the last 2 or 3 years if it had not been for our slip covers we would have been in the red every single year. I do not consider we offer undesirable competition in the handbag industry. The New York stores won't buy our bags. We have no market for our pocketbooks in New York because we cannot compete with the New York firms. Our people do not work efficiently, and we ask just as little as we can ask to make a profit.

MISS SCHNEIDERMAN: When you made the statement "working under the code last fall" you meant the President's Reemployment Agreement. There was no code last fall.

MISS ROHR: Yes. We lost $11,000.

MISS ORE: You wanted the code to read 30¢ instead of 35¢?

MISS ROHR: That is what we thought it was going to be, and we paid that.

COLONEL BERRY: How many people are you now paying $12 to?

MISS ROHR: There are 8 people out of 51 employees getting less than $14.

COLONEL BERRY: There is a question whether this stay should be terminated or whether it should be extended until we can have a hearing on a territorial differential. We expect to propose the amendment providing for a territorial differential. We can't grant a permanent exemption.

MR. TAYLOR: When does the fall season begin?

MISS ROHR: Right now.

MISS SCHNEIDERMAN: May I draw your attention to if what Colonel Berry says is going to happen--if this industry is going to be brought up to a higher minimum of 40¢--even if she gets a territorial differential her rate per hour is going to be higher than it is right now.

COLONEL BERRY: Yes, and for her competitors too. In these other codes there is a 2½¢ differential between male and female --------.

MISS SCHNEIDERMAN: I will not stand for a differential for women if I have anything to do with this case.

MR. BARR: In the same payroll there are about 20 out of 51 getting $18 and over, and some as high as $35 and $40, and one $75 a week. I think this payroll shows a fine wage scale. This payroll does not present a picture in which it can be said the code minimum works a hardship.

MR. ORE: If this stay is terminated you will, of course, abide by the code?

MISS ROHR: We'll have to.

MR. ORE: It is the duty of the Deputy to take the facts as submitted here and then submit them to the Division Administrator with his recommendation. You are operating under a stay until the order comes deciding this case. We do not want to tie up your business until the stay is terminated, and in either case you will have to comply with the code. Therefore, it will be necessary for the Code Authority to issue labels to the Virginia Art Studios now.

MR. BERKOWITZ: They will have to sign the compliance form.

MR. ORE: Issue the labels to Miss Rohr, and it will be the discretion of the Division Administrator as to how he shall act upon the stay. I know you will immediately comply with the code when and if the stay is terminated, and I would suggest that you prepare yourself for a raise in wages, and it would be well to figure them in your forthcoming merchandise.

MR. MITTENTHAL: Shall I consider that an order from you to issue the label.

MR. ORE: Yes.

COLONEL BERRY: If you can sustain yourself for a territorial differential, it will be determined on fact.

MISS ROHR: We have a man who has had a great deal of experience who is at the head of our production. He said he would be glad to make a statement in regard to the difficulties.

MR. ORE: They should be submitted to the Code Authority. Do you want a differential for women?

MISS ROHR: No. Our women get the same as the men because we are a women's organization.

MR. TAYLOR: Under the conditions you outline of an increase in wage for the industry, no matter how this turns out Miss Rohr will have to increase the $14 a week workmen, will she not?

COLONEL BERRY: My recommendation will be that this stay continue until the hearing next month when she will have an opportunity of presenting an amendment for territorial differential. If that is thrown out she will have to abide by the code as it now stands.

MR. TAYLOR: She will have to increase her wages within a month from now anyway. Since it only makes a few weeks difference for only 8 workmen, can we not terminate the stay now. You will have to increase those few workmen anyway.

MR. MITTENTHAL: When they reduce their force from 160 to 51 they maintain the key people and the irregular workers are not let go.

MISS ROHR: We never have 160 people in the fall. In the spring the work we do is not for the most part skilled work. There is no real pocketbook work. We fold our cotton foundations on a machine and the outside covers are sewed up and the embroidery put on by hand. It is to make that sort of thing that we employ so many people.

MR. BARR: Miss Rohr's testimony regarding the nature of her work brings her further away from line. She does very little in the fall.

MR. MITTENTHAL: Miss Rohr when she says slip cover, refers to a slip covering a ladies' handbag.

COLONEL BERRY: A suggestion to the Code Authority. Would it help you any if we terminated this stay and granted an exemption for 30 days until the first of September?

MR. MITTENTHAL: We would have to have a very good reason.

MR. ORE: So far as bring her in compliance today, that would prove to the industry she is under the code. Then if she gives us sufficient evidence an exemption should be granted, until an amedment can be heard in public hearing, I think that would help your situation and be agreeable to the Labor Advisory Board. We will recommend to the Division Administrator this stay be terminated. The burden of furnishing evidence which would support an exemption for a limited time until you can furnish the Code Authority with material for an amendment to the code will be on you. You will be under the code until such time as you can procure an exemption order.

COLONEL BERRY: Would it satisfy the Code Authority people if you told them the stay was automatically by itself being enforced and will be terminated on September 1?

MR. MITTENTHAL: What would be the action of the other proposal?

COLONEL BERRY: If it is granted now, she would have to go under the code right away.

MISS SCHNEIDERMAN: I think I have my point of view maybe entirely wrong. This lady has enjoyed a differential which no one else in the industry has had. It seems to me this stay ought to be terminated, and since it is only a question of 4 weeks and know the wage will go up, I dont think it would harm the business of the Virginia Art Studios group to come under the code and comply until there is a hearing.

After this statement by Miss Schneiderman, Colonel Berry began a discussion about amending the code and substituting a 40¢ minimum and deleting sections 2 and 6 of Article IV of the present code. He also requested the Code Authority to send in their amendments to the Code and Miss Rohr was asked to do the same thing. This discussion was quite lengthy. Coming back to the question of an exemption for the Virginia Art Studios, Colonel Berry asked:

COLONEL BERRY: Would this be satisfactory? Terminate this stay July 31 and grant you an exemption effective August 1 for the month of August pending a hearing on a proposed amendment.

MR. MITTENTHAL: That sounds reasonable.

COLONEL BERRY: I am willing to do that.

MR. BARR: These stays have to be terminated with or without exemption.

MR. TAYLOR: Does the Code Authority have any amendments to propose?

MR. MITTENTHAL: We shall have if they accept this wage settlement and also on other matters--on the cost formula and price groupings.

MR. ORE: It is going to be absolutely necessary for Miss Rohr to furnish all data requested by the Code Authority.

MISS ROHR: May I have that outline. I sent it to Mr. Glass but I will be glad to submit the material.

MR. ORE: You can deal with the Code Authority on that matter.

MR. BERKOWITZ: Miss Rohr states they have not used any apprentices since March 26.

MISS ROHR: I did not say that. We have not had any for quite some time. We raised them to $12, those we did have.

MR. BARR: Miss Rohr would not be required to pay any back pay.

MISS SCHNEIDERMAN: Are we giving this lady an exemption before she turns in her statement?

MR. ORE: No.

MISS SCHNEIDERMAN: I think the Deputy is stating an exemption should be granted her. I do not think that is the right way of doing it. Also, do I understand that in that exemption we are permitting learners.

MR. ORE: There are no apprentices. Miss Rohr, will you follow the trade practices of the Code?

MISS ROHR: Absolutely.

MR. ORE: The hours?

MISS ROHR: Absolutely.

MR. ORE: You have not paid any code assessments and you have not been paying the wages, nor supplied the statistics.

MR. TAYLOR: The only exemption Miss Rohr would have would be for a few employees at a wage rate below the minimum.

MISS ROHR: I would like you people to see our wages for the fall. If we could have a differential for the fall we would not care about it for the spring.

MR. MITTENTHAL: A loss of $11,000 is not much in our industry. There is no one in the industry who took those losses who was getting an unusually high salary or not justified by their business. When they came under the blanket code they did not know what the difference was going to be in their labor cost. They did not allow enough. They continued to sell at the same prices and the differences in their payrolls created that loss. The repairs on handbags amounts to 2% of the volume of the sales.

MISS ROHR: We charge for all our repairs. And we knew it was to our interest to go out of business in the fall and manufacture only in the spring, but we have gone ahead with patented orders we knew we could put out in the spring. We have nothing in the spring because after we originate an idea we can go ahead with it. We want to stay until we can pay back our bank loan so that we will be able to stay in business.

After instructing the Code Authority to issue labels to the Virginia Art Studios, and after again outlining the plan to be followed in this case, the hearing was brought to a close by Mr. Ore.

EXHIBIT A.1.

MEMORANDUM

July 30, 1934

TO: George L. Berry, Division Administrator

FROM: Harry S. Berry, Deputy Administrator

SUBJECT: Termination of Stay.

By reason of the fact that the Virginia Art Studios, Inc., Lynchburg, Virginia, protested the terms of the Ladies' Handbag Code within ten days after it was approved, this concern was automatically granted a stay from its provisions in accordance with the Executive Order of July 15, 1933.

Hearing was held in this office at which time Mamie E. Rohr, President and Treasurer, was given the opportunity to present all evidence to substantiate her claim for further stay from the provisions of the Ladies' Handbag Code. At the hearing the Industrial Advisory Board was represented by Mr. T. R. Taylor, the Labor Advisory Board by Miss Schneiderman, the Code Directors Mr. Mittenthal and Mr. Berkowitz, Assistant Deputy Administrator Leigh E. Orr and David Barr, and myself. The relevant facts pertaining to the case are attached.

After carefully reviewing all the facts, I recommend the stay be terminated forthwith in order that the Code Authority may advise the industry this stay has been acted upon in the regular manner. The Code Authority Directors, the Industrial Advisory Board and the Labor Advisory Board agree with my decision.

I am, however, recommending in a separate document that an order for exemption be executed in behalf of the Virginia Art Studios which will permit this company to pay a minimum as low as $12 per week instead of the $14 per week as provided for in the code until such time as the code can be re-opened to consider a southern differential, which if evidence shows is necessary, will give the Virginia Art Studios the relief they seek.

(signed) Harry S. Berry
Harry S. Berry
Deputy Administrator

Attachment

NATIONAL RECOVERY ADMINISTRATION

WASHINGTON, D. C.

August 10, 1934

To: Harry S. Berry, Deputy Administrator

From: Labor Advisory Board

Subject: Code of Fair Competition for the LADIES' HANDBAG INDUSTRY

We do not approve of the proposed order granting the Virginia Art Studios, Inc., Lynchburg, Virginia, an exemption from the provisions of Article IV, Section 1, of the Code of Fair Competition for the LADIES' HANDBAG INDUSTRY. The minimum rate in the code is 35¢ per hour, or $14.00 per week. The proposed order would permit 30¢, or a $2.00 per week, differential. This is out of line with the differential permitted in industries which employ similar type of labor, practically all of which include a $1.00 differential.

LABOR ADVISORY BOARD

(s) By A. H. Myers

AHM/mc

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Col. Harry S. Berry,
Administrator of Division 3,
National Recovery Administration.

Your Petitioner, the Virginia Art Goods Studios, Incorporated, a Corporation organized under the laws of the State of Virginia, engaged in the business of manufacturing and selling Ladies' Handbags, respectfully represents:

1. That it is operating under the Code of Fair Competition for the Ladies' Handbag Industry, as approved on March 14, 1934, except as to the labor provisions thereof relating to the minimum wage scale, as to which it is operating under an exemption order expiring Sept. 1, 1934.

2. That the date for the expiration of said exemption order, as petitioner is advised, was fixed in anticipation of a hearing before that date upon proposed amendments to this Code relating to labor and wage scales.

3. That it is now apparent that such hearing will not be held prior to September 1, 1934, and in order to preserve the petitioner's status under its protest duly filed in accordance with Executive Order #2, of July 15, 1933, the exemption period should be extended to such date as the anticipated hearing shall have been held and the proposed amendments disposed of.

4. That there are attached hereto to be read as evidence in further support of its right to such extension herein prayed for, the following documents;

   (a) Copy of letter, dated March 30, 1934, from Robert D. Ramsey, Business Manager of the Chamber of Commerce of Lynchburg, to James C. Worthy, Assistant Deputy Administrator, National Recovery Administration.

   (b) Affidavit of Mamie R. Rohr, President of Virginia Art Goods Studios, Incorporated.

   (c) Affidavit of Edmund Waltuck.

   (d) Affidavit of O. H. Tufts.

5. That a copy of this petition has been forwarded with copies of the attached documents to the Code Authority, Ladies' Handbag Industry, 347 Fifth Ave., New York.

Wherefore your Petitioner respectfully prays that a proper order be issued extending the period of its exemption from Code provisions relating to labor, to such date as proposed amendments to said Code providing for wage differential for the sourthern territory shall have been given a hearing.

VIRGINIA ART GOODS STUDIOS, INC.

By /s/ Mamie E. Rohr
Pres.

Attest:

/s/ Bertie R. Thornhill
Secretary.

August 31, 1934.

Mr. Leigh N. Ore
Assistant Deputy Administrator
Commerce Building
Washington, D.C.

Dear Mr. Ore:

The Virginia Art Goods Studios, Inc. presented a petition for an amendment to the Code of Fair Competition for the Ladies' Handbag Industry by adding to Article IV of the Code, the following section:

(a) In the States of Virginia, North Carolina, South Carolina, Georgia, Florida, Mississippi, Louisiana, Alabama, Tennessee and Texas, the minimum wage for unskilled employees shall be 30¢ per hour:

(b) The minimum wage for semi-skilled employees shall be 37½¢ per hour.

(c) Learners may be employed for a period of not exceeding ten weeks at a minimum wage of 24¢ per hour, provided that the number of such learners shall not at any time exceed 15 per cent of the entire number of employees.

The petition was supported by the following documents:

(a) Copy of letter, dated March 30, 1934, from Robert D. Ramsey, Business Manager of the Chamber of Commerce of Lynchburg, to James C. Worthy, Assistant Deputy Administrator, National Recovery Administration.

(b) Affidavid of Mamie E. Rohr, President of Virginia Art Goods Studios, Inc.

(c) Affidavit of Edmund Waltuck.

(d) Affidavit of O. H. Tufts.

The Virginia Art Goods Studios, Inc. states that a copy of its petition was also sent to Col. H. S. Berry, Deputy Administrator.

After careful consideration of the statements made and the evidence presented in these documents, the Code Authority, at a meeting held August 30, 1934 at the Hotel McAlpin, voted to deny the petition of the Virginia Art Goods Studios, for an amendment to the Code in which they request:

(a) to be granted a differential in wage rates in favor of the southern territories.

(b) to fix a minimum wage for semi-skilled workers at 37¢ per hour.

(c) to permit learners for a period of ten weeks at a minimum wage of 24¢ per hour, not to exceed 15 per cent of the entire number of employees.

The Virginia Art Goods Studios, Inc. in support of their petition claim that the manufacturers of Ladies' handbags in the northern states have skilled labor who work with a "speed which can be equalled only by equally skilled experienced labor."

Fifty percent of the handbag industry is located outside the metropolitan area of New York in which no experienced help is available, and the manufacturers obtain their workers in the same manner as does the Virginia Art Goods Studios, Inc. In the metropolitan area of New York, in which experienced help is available, the wages paid such help is from two to three times more than paid the inexperienced help.

The Virginia Art Goods Studios, Inc. claim that they are pioneers in their locality.

The records show this firm has been established over eight years, and that during the past five years, they have enjoyed a large volume of business in the industry, employing at times as many as 168 workers. These workers have all had some training by this time, and are available mostly at the minimum wage rate. The question whether the labor in Lynchburg, Virginia can compare with northern workers in volume in speed of production is not determinable, since the kind and quality of work varies in each factory, and lack of production frequently the result of inefficiency in factory managements as has been disclosed through investigation made in other industries in which similar claims have been made.

The statement of the Virginia Art Goods Studios, Inc. that "the practical and inevitable result is that the Virginia Art Goods Studios, Inc. cannot successfully compete with other manufacturers whose output per capita of employees is so much greater"--this merely expresses their opinion.

The loss sustained by the Virginia Art Goods Studios, Inc. during the year 1933 may have been due to a dozen or more causes, and to have this Company claim that such losses resulted from increased labor costs, is merely expressing a convenient conclusion. Any increase in labor costs might have been included in the costs of their product, or they have offset this increase by taking the difference out of the value of materials, if they fail to do so, they cannot justly attribute it to increased labor costs.

From the figures furnished by the Company of their sales and sales costs, it would appear that they are pricing their goods without a safe and adequate profit.

The test of efficiency in workers made by their production manager, is not based on fact, it is merely expressing his individual opinion.

The statement that the products of the Company are sold at a higher price than the products of northern factories is not sustained, particularly since this Company manufactures a unique line of handbags, different from the bags manufactured by other firms in the industry, and further they are protected by patents which they have attested to.

The Virginia Art Goods Studios, Inc. do a good volume of business and they are rated financially as one of the outstanding firms in the industry.

It is not necessary for the Virginia Art Goods Studios, Inc. to obtain lower wage rates in order to compete with factories in the northern territory, and the fact that they have suffered a small loss during the year 1933 is due to the same reasons that caused other factories in the industry to suffer larger losses, all due to the fact that they are trying to give too great values at the prices.

The request to amend the Code to allow a wage rate of 37½¢ for semi-skilled workers cannot be considered since there is no definition of a semi-skilled worker in the Code.

The request to amend the Code to permit learners is denied by the Code Authority at the present time, and until the Code shall be amended by agreement with the Administrator to provide learners for the entire industry.

The Virginia Art Goods Studios, Inc. has been operating under a stay since the effective date of the Code, March 26, 1934. This stay expires September 1, 1934. The Code Authority protests against the continuance of their stay beyoyond September 1, 1934, since the Virginia Art Goods Studios, Inc.had the entire month of August during which they might have submitted their petition. However, they failed to do so until August 27, 1934 and they are now requesting that the exemption period should be extended to such date as the anticipated hearing shall have been held, and the proposed amendments disposed of.

Very truly yours,

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY

_____

A. Mittenthal
Code Director

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THE VIRGINIA ART GOODS STUDIOS, INC.

Lynchburg, Virginia

March 8, 1935

Colonel Robert Lea
Deputy Administrator for Industry
Washington, D. C.

Dear Colonel Lea:

I am not sure that you are the person I should be writing to, but since you are the one whom I saw when I came to Washington last summer, and the one who arranged the conference with Col. Ore and several others, I am writing this to you, and ask if some one else is the proper one for me to communicate with that you pass this letter on to him.

You will remember that at the time I came to Washington we were asking for a minimum wage of $13.00, with an apprentice period of three months during which time we should be allowed to pay 80% of the minimum. We had been paying on this basis in accordance with the President's agreement that we should be permitted to depart from Code requirements if we protested against any of these requirements before a certain date (which we did) until such time as a meeting should be held to determine the justice of our report. At the meeting you arranged in Washington it was tentatively agreed that we be allowed a minimum wage of $12.00, with no apprentice period, with the understanding that by September there should be a final decision in regard to a differential and an apprentice period for Southern industries.

As far as we know there has been no decision made on those points, yet we have continued all these months to live up to this tentative agreement. During the fall period we lost $18,000.00, which you can well understand is not good for an industry. We have now entered upon a spring season during which period it is absolutely essential that we make a profit if we expect to continue in business. During the fall we did not need to employ untrained people as our regular corps of workers could take care of our business. We are now, however, in need of employing a number of new untrained people, and it is absolutely essential that we be allowed to pay them less than the minimum wage until they are broken in to the work. As you know there are no trained people in this section except the ones we have trained. We feel that under the President's agreement we have a right to an apprentice period until some definite decision is reached in regard to this matter. We are, therefore, this time employing the extra people

we need at 80¢ of $13.00, until such time as they are able to do the work efficiently.

We have tried to live up to what we agreed to do, and we feel that we want to make our position in this matter clear.

Very truly yours,

Mamie E. Rohr, President

THE VIRGINIA ART GOODS STUDIOS, INC.

MER/A

March 11, 1935

Mrs. Mamie E. Rohr,
President
The Virginia Art Goods Studio, Inc.
Lynchburg, Virginia.

Dear Mrs. Rohr:

Your letter of March 8th, addressed to Col. Robert Lea, has been referred to me as the Ladies' Handbag Code is at present under my direction.

This code provides for a minimum wage of $14.00 per week, and there is no provision for learners or apprentices. Any agreement to the contrary would not be valid. No one without first obtaining an exemption has a right to work any employee other than in accordance with the provisions of the Code.

If you feel that the code provisions are working a hardship in your instance, will you kindly write asking that you be granted an exemption. You should state the number of persons whom you intend working as apprentices, and for what period of time - also the amount that you intend paying them during the apprentice period. Please state the total number of your employees, and any other facts which you think are pertinent toward giving force to your contentions.

Your application for exemption will be put through the regular channels, and you may rest assured it will be given every consideration.

Very truly yours,

Walter Mangum
Deputy Administrator
Textile Division

R-21373

9811

THE VIRGINIA ART GOODS STUDIOS, INC.
1306-1310 Church Street
LYNCHBURG, VIRGINIA

March 12, 1935.

Mr. Walter Mangum
Deputy Administrator
Textile Division
National Recovery Administration
Washington, D. C.

Dear Mr. Mangum:

We are just in receipt of your letter of March 11th in answer to ours of March 8th addressed to Col. Robert Lea.

First, in regard to the second paragraph of your letter, we are well aware of what the Code "provides". These provisions were made without our sanction as we have in innumerable letters to Washington set forth.

In the very beginning the President announced that if the provisions of the Code worked a hardship, a firm had a right to a stay provided said firm entered a protest before a certain date, said stay to be effective until such time as a meeting should be held and action taken in regard to the points against which protest was entered.

It seems quite surprising to us that before answering our letter you had not looked up the correspondence we have had with NRA in regard to this matter. You state in the third paragraph of your letter that if we feel the Code provisions are working a hardship that we should write asking to be granted an exemption. It would certainly seem that something of all the agitation of this question would have come to your ears. As we wrote in our letter of March 8th, action was to have been taken on our case by the first of September, but no action was ever taken that we know of. We wrote elaborate explanations, giving in detail our grievances, and stating why it was absolutely necessary if we are to stay in business that we be allowed at most a $12.00 minimum wage and an apprentice period of 80% of this amount. Perhaps it would be well for you to look in the files and learn what the situation is.

We wish to say once more that we consider we are still allowed the stay which the President agreed we might have, since no action has been taken on our protest. We are, therefore, paying a limited number of beginners unfamiliar with the handbag industry $9.60 a week while they are training.

As soon as our application for an exemption, filed last August, is put through "regular channels" and a decision is made, we shall be glad to have a report on it.

Very truly yours,
THE VIRGINIA ART GOODS STUDIOS, INC.
Per (signed) MAMIE E. ROHR,
Pres.

MER/A
9811

March 18, 1935

Mrs. Mamie E. Rohr
The Virginia Art Goods Studios, Inc.
Lynchburg, Virginia

Dear Mrs. Rohr:

Your letter of March 12th has been received.

You are quite right in stating that the stay which was granted is still in effect.

The Code Authority recently informed me that they are making an application for a termination of the stay. They feel that it is unfair to other members of the industry, and are asking us to take quick action. You, of course, are very familiar with all the facts of the case so I will not again go into them. They have a right to ask that the matter be brought up for hearing, and I would like to know if you are agreeable to having an informal one rather than going to the expense of having a formal Public Hearing. If this meets with your approval, I can then set a date which will be mutually agreeable, as I understand their formal request will probably arrive here tomorrow.

For your information, I have only recently taken over this section and, therefore, have no knowledge of the matters which happened last year, and unfortunately, the days are not long enough for me to read through the files as quickly as I would like.

Very truly yours,

Walter Mangum
Deputy Administrator
Textile Division

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
347 Fifth Avenue
NEW YORK

Col. Walter Mangum
Deputy Administrator
Commerce Bldg.,
Washington, D. C.

Dear Col. Mangum:

The Code Authority at a meeting held on March 7, 1935 passed the following resolution:

> RESOLVED, that the Code Directors be and are hereby directed to request the Administration to terminate the exception to the minimum wage rate granted to the Virginia Art Goods Studios, of Lynchburg, Virginia on August 1, 1934.

Since this exception was granted to the Virginia Art Goods Studios, the Code Authority has requested a number of times to have it terminated. The Code Authority has been greatly embarrassed by having the Virginia Art Goods Studios and the Pat Bag, Inc., of Richmond, Va. the only members of the industry granted an exception to the code wages, since numerous requests from other members of the industry for the same exception to the code have been refused in every case.

Other members of the industry when found violating the wage provision of the code, have attempted to justify their right to do so by referring to the exception granted the Virginia Art Goods Studios. The continuation of this stay is regarded by the remainder of the industry as being discriminatory.

The Code Authority herewith requests that this inequality in the industry shall be terminated at once by the Administrator, and that if necessary, a hearing be held immediately for that purpose.

The Code Authority also asks that the exception granted to the Pat Bag, Inc. shall also be terminated, and that if found necessary, they should be included in a hearing that may be called for this purpose.

Very truly yours,

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
(s) A. MITTELTHAL
CODE DIRECTOR

9811

March 25, 1935

Mr. A. Mittenthal, Code Director
Code Authority, Ladies' Handbag Industry
347 Fifth Avenue
New York, N. Y.

Dear Mr. Mittenthal:

I have your letter of March 19th with reference to the Stay under which the Virginia Art Goods Studios are operating. Under date of March 18th I wrote Mrs. Rohr as per attached copy. I have had no reply yet but trust one will be forthcoming within the next day or two.

You may rest assured that it is my desire to clear up this situation as soon as it is physically possible to do so.

Very truly yours,

Walter Mangum
Deputy Administrator
Textile Division

DEH:sk
Enc. (1)
Copy of letter

9811

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
347 Fifth Ave.
NEW YORK

March 27, 1935

Col. Walter Mangum
Deputy Administrator
Commerce Building,
Washington, D. C.

Dear Col. Mangum:

I am in receipt of your letter of March 25 in reference to the matter of the Virginia Art Goods Studios.

I certainly appreciate your efforts to bring this matter to a satisfactory solution. Any conference or hearing that you may call for this purpose, I shall be glad to attend.

Very truly yours,

(signed) A. MITTENTHAL
A. Mittenthal
Code Director
Ladies' Handbag Industry

AM:AS

THE VIRGINIA ART GOODS STUDIOS, INC.
1306-10 Church Street
LYNCHBURG, VIRGINIA

Apr. 20, 1935

Col. Walter Mangum
Deputy Administrator
Textile Division
National Recovery Administration
Washington, D.C.

Dear Col. Mangum:

Recently we wrote to the Code Authority for our Industry in New York telling him of the difficulties we have been having in trying to operate with a profit and to turn out the necessary amount of goods in the time required. In response to this appeal, Mr. Max Berkowitz made a trip down to Lynchburg to see us, and made a very careful study of our problems in the limited time he could be with us.

We want to say that we found Mr. Berkowitz most cooperative, and very much interested in our situation. He realized that we were in a very serious situation and made suggestions which we felt were very constructive, and which we should like very much to try to carry out. We believe as he does that if we could follow his suggestions we would be able to put our business on a paying basis, and not find it necessary to ask the Code for exemptions from the regular requirements. We want very much to do this, and we want to be in a position to pay our employees, who are very loyal and cooperative, just as much as possible.

If Mr. Berkowitz were in a position to stay with us for several days we believe he would be of inestimable value in helping us solve our problems. Do you think he could be spared to us for a while? We realize that this is asking quite a good deal -- that he is a very busy man and that in his position he has a great many things to look after -- but if he could be lent to us for a short while maybe our industry would cease to be a problem. If it would be possible for you to send him to us we would like to have him come as quickly as he conveniently can. Kindly let us hear from you.

Sincerely yours,

(signed) MAMIE E. ROHR, Pres.
THE VIRGINIA ART GOODS STUDIOS, INC.

MER/a

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
347 Fifth Avenue
NEW YORK

April 23, 1935

Colonel Walter Mangum
Deputy Administrator
Commerce Building
Washington, D. C.

Re: Virginia Art Goods Studios, Inc.
1306-1310 Church Street
Lynchburg, Virginia

Dear Colonel:

I have made a careful investigation of the conditions in the factory of the above firm and have found that they have been working overtime from April first on, averaging from 2⅓ to 24 hours per person. I have made arrangements with them to pay time and a half for this overtime work which they have agreed to do. A list of the workers and the amounts will be in our office within the next few days.

Miss Rohr, president of this firm, stated to me that she had received an exemption from you for apprentices. We fail to find in our files any correspondence, or copies of same, with reference to this statement.

The attached report gives the number of workers who were employed below the Code minimum from December 19, 1934 to date.

We will appreciate it if you will send us copies of any correspondence that you may have had with this firm in order that we may straighten these matters out. From what Miss Rohr has promised the writer, she will come definitely under all the provisions of our Code.

Very truly yours,

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY

Max Berkowitz
Code Director

Encl -- List showing overtime and
payroll violation

Special Investigation

The investigation discloses the fact that this firm has two factories -- one an annex which employs about 20 workers.

Workers were employed at rates below the minimum wage as follows:

Date	No. employed at 30¢ per hour	No. employed at 25¢ per hour	No. Home-workers	Total No. of Employees
12-19-34	39		4	93
12-25-34	43			
1- 9-35	39			
1-23-35	42		12	
2- 6-35	56			
2-20-35	61			110
3- 6-35	55		14	120
4- 3-35	60	9		128
4-17-35	61	25	31	183
Annex: 4-17	6	8		18
	2 @ 32½			

Overtime -- 4-1-35 from 2½ hours to 24 hours per person

4-3-35 Overtime was registered on individual cards. No entry was made in the book. The overtime amounted to about $300 straight time.

Max Berkowitz

mb s

April 24, 1935

Mr. Max Berkowitz
Code Director, Code Authority
Ladies' Handbag Industry
347 Fifth Avenue
New York, N. Y.

Dear Mr. Berkowitz:

I am attaching hereto copy of letter just received from Mrs. Rohr and my reply; I know you will do everything you can to comply with the request in the final paragraph of her letter. I appreciate also that you are not twins and can only do a certain amount of the good work which you are doing.

Very truly yours,

Owen A. Locke
Assistant Deputy Administrator
Textile Division

DEH:sk
Enc. (2)
Copies of Letters

April 24, 1935

Mrs. Mamie E. Rohr, President,
The Virginia Art Goods Studios, Inc.
1306-1310 Church Street
Lynchburg, Virginia

Dear Mrs. Rohr:

We have your letter of April 20th, and are very pleased to note that the recent trip made to your plant by Mr. Berkowitz was of such great benefit.

You, as a handbag manufacturer, are most fortunate in having such men as Mr. Berkowitz and Mr. Mittenthal directing the Code of your industry.

While it is not for us to dictate, but is purely up to the discretion of the Code Authority, I am today writing Mr. Berkowitz urging him to comply with your request outlined in the last paragraph of your letter. I know that he will be glad to do so if it is at all possible.

Very truly yours

Owen A. Locke
Assistant Deputy Administrator
Textile Division

DEH:sk

E X H I B I T B-1
Trade Practice Complaints Committee

EXHIBIT B-1

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
303 FIFTH AVENUE
NEW YORK

April 11, 1934

Dr. Earl Dean Howard
Deputy Administrator
Department of Commerce Bldg.
Washington, D. C.

Dear Sir:

We herewith present a resolution passed by the Code Authority at a meeting held at the Hotel McAlpin, April 11, 1934, requesting authority to handle Fair Trade Practice complaints in the first instance.

We are requesting that this be granted so as to permit the Code Authority to expedite the handling of these complaints involving fair trade practice violations under the Code for the industry.

Very truly yours,

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY

AM:AS /s/ A. MITTENTHAL

A. Mittenthal
Code Director

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
303 FIFTH AVENUE
NEW YORK

April 11, 1934

Dr. Earl Leon Howard
Deputy Administrator
Department of Commerce Bldg.
Washington, D. C.

Dear Sir:

At a meeting of the Code Authority for the Ladies' Handbag Industry held at the Hotel McAlpin on April 11, 1934, the following resolution was passed:

"Be it resolved that the Code Authority ask the National Recovery Administration for authority to handle the Fair Trade Practice complaints in the first instance."

Very truly yours,

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY

AM:A /s/ A. MITTENTHAL

A. Mittenthal
Code Director

I hereby certify that the above resolution was duly made, seconded and passed by the Code Authority of the Ladies' Handbag Industry.

/s/ Irving Schoenholz
Secretary
Code Authority Ladies' Handbag Industry

WASHINGTON DC

NRA ROOM 4039 LEO/sh

SEPTEMBER 27 1934

A MITTENTHAL CODE DIRECTOR
LADIES' HANDBAG CODE AUTHORITY
347 FIFTH AVENUE
NEW YORK CITY

YOUR TRADE PRACTICE COMPLAINTS COMMITTEE WAS APPROVED TODAY

LEIGH E ORE
ASSISTANT DEPUTY ADMINISTRATOR

TRADE PRACTICE COMPLAINTS COMMITTEE
ORGANIZATION MEETING
HOTEL McALPIN, OCTOBER 9, 1934

Present: Committee Members - Messrs. Wm. C. Roth, Hy Burstein, Lawrence Moss
Administration Member - O. W. Pearson
Code Directors - A. Mittenthal, Max Berkowitz
Executive Secretary - M. S. Mosesson

Mr. Mittenthal opened the meeting and outlined the purpose and the work of the Committee.

Administration Member, Mr. O. W. Pearson, explained the duties of the members of the Committee, and the necessity of keeping correct and careful records of all cases brought before the committee for action.

Code Director, Max Berkowitz, gave a brief outline of some of the difficulties connected with the enforcement of the labor provisions of the Code as well as the trade practice provisions.

Executive Secretary, M. S. Mosesson, stated that the most important work of the committee would be to use moral suasion in such cases that the Executive Committee of the Code Authority were not able to adjust themselves, and it was not the intention of the Directors to burden this committee with the multiplicity of small cases, but to use the Committee as a sort of Supreme Court when all other methods fail for their purpose.

There was considerable discussion and questions by the members of the Committee.

Upon motion, meeting adjourned at 9:00 P.M.

Respectfully submitted,

/s/ H. S. Mogesson
Executive Secretary

TEXTILE DIVISION

OFFICE OF CODE ASSISTANT

Sept. 27, 1934

To: Assistant Deputy Ore

Administrative Order No. 332-17 pertaining to Approval of Plan and Officially Authorizing Committee to Handle Trade Practice Complaints for the Ladies Hand Bag Industry was signed Sept. 27, 1934. This memorandum constitutes your official notification.

N. T. Bartlett,
Code Assistant,
Textile Division.

/s/ G. R. D.

COMPLIANCE ADMINISTRATION

for the

CODE OF FAIR COMPETITION

for the

LADIES' HANDBAG INDUSTRY

ARTICLE I: ORGANIZATION OF TRADE PRACTICE COMPLAINTS COMMITTEE

Section 1: National Trade Practice Complaints Committee

a) The Code Authority shall organize a National Trade Practice Complaints Committee. Said Committee shall be appointed by the Code Authority of the Ladies' Handbag Industry. Said Committee shall appoint an adequate office and field staff for the effective performance of its duties, under the Code. Said Committee shall also appoint a legal adviser and Executive Secretary, who may devote part of his time to Code Authority duties, other than those of the Committee. The Committee shall be so constituted as to represent insofar as practicable, the different groups and interests of the Industry. It shall be small enough to function effectively, and its members shall be free to give necessary time to the work of the Committee. The Committee shall make full use of all available and suitable facilities of national, regional and local association in the Industry. An Administration Member of the Code Authority shall be a member of this Committee. He shall have no vote, but shall have a veto, subject to review by the National Industrial Recovery Board. No party interested in a case shall sit on this Committee. The remaining members of the Committee shall elect an adequate number of temporary members to make up a quorum.

b) The National Trade Practice Complaints Committee shall elect a Chairman from its own membership and shall fix the time of regular and special meetings, and the manner in which such meetings shall be called and conducted. The Executive Secretary of the Committee shall make a report at all meetings thereof, of the cases handled by the staff in the interval between meetings, together with a statement indicating the disposition of all cases closed.

Section 2: Functions of National Trade Practice Complaints Committee

a) The National Trade Practice Complaints Committee, through divisional and sub-divisional committees, shall have jurisdiction over all complaints alleging violation of all provisions of the Code, except Articles III, IV, and V of the Code, which refer respectively to:

1. hours of labor
2. minimum wages
3. labor provisions

provided that a complaint by a competitor alleging that an employer is violating a labor provision of the Code, may be handled by the Labor Complaints Committee, if such has been organized.

b) The Committee in the conduct of its work may:

1. Propose to the appropriate agencies, modifications and of amendments to the Code, which will facilitate compliance activities;

2. Make recommendations to the appropriate agencies for exemptions and exceptions;

3. Make such explanations and expositions of provisions of the Code as may be required by the cases before them for disposal or where such explanations and expositions are pertinent to their work.

c) The Committee shall have the responsibility and duty of instruction and education of persons subject to their jusridictions, as to their rights and obligations under the code; the investigation and adjustment of complaints of non-compliance in the first instance; and the rendition of the reports to the appropriate agency in cases where it has been impossible to secure compliance.

d) The Committee may establish divisional and sub-divisional Trade Practice Complaints Committees for Specified territories and purposes.

e) The Committee shall issue instructions and regulations, clearly defining its rules to the divisional and sub-divisional committees, and is empowered to require reports, so that it may be fully advised of the progress of trade compliance work under the Code of Fair Competition for the Ladies' Handbag Industry.

f) The Committee shall have full charge under the Code Authority of trade compliance activities, and shall directly supervise and control all Divisional and Sub-divisional Trade Practice Complaints Committees established hereunder.

g) Any interested party to a complaint shall not be permitted to serve as a member of the Committee hearing such complaint.

Section 3: Divisional and Sub-Divisional Trade Practice Complaints Committees

a) In the organization of such divisional and sub-divisional committees, every effort shall be made to secure representation insofar as is practicable, of the different groups and interests in the Industry, and representation of the public interest in a manner similar to that achieved through appointment of an administration member to the Code Authority itself.

b) Divisional and sub-divisional Trade Practice Complaints Committees shall elect a Chairman from their own membership, and subject to the approval of the National Trade Practice Complaints

Committee, shall adopt rules of procedure and by-laws. Said by-laws and rules shall provide for periodic meetings of the Committees at a place conveniently located, so as to give persons having business with such committees, reasonable opportunity for hearing. The Executive Secretary of such committees shall report at all meetings thereof a summary of the cases handled by the staff in intervals between meetings, together with a statement indicating the disposition of cases which have been closed.

c) Divisional and Sub-Divisional Trade Practice Complaints Committees shall submit to the National Trade Practice Complaints Committee weekly reports of all cases, and the disposition thereof, arising before the divisional and sub-divisional Trade Practice Complaints Committees.

Section 4: Functions of Divisional and Sub-Divisional Trade Practice Complaints Committees

a) All Divisional and Sub-Divisional Trade Practice Complaints Committees hereunder organized shall have jurisdiction over all complaints alleging violation of all provisions of the Code, subject to the approval of the National Trade Practice Complaints Committee, except Articles III, IV, and V of the Code, which refer respectively to:

1. hours of labor
2. minimum wages
3. labor provisions

provided that a complaint by a competitor alleging that an employer is violating a labor provision of the Code, may be handled by the Labor Complaints Committee if such has been organized.

b) In the conduct of their work, such divisional and sub-divisional Trade Practice Complaints Committees may:

1. Propose to the appropriate agencies, modifications of and amendments to the Code, which will facilitate compliance activities;

2. Make recommendations to the appropriate agencies for exceptions and exemptions;

3. Make such explanations and expositions of provisions of the Code as may be required by the cases before them for disposal or where such explanations and expositions are pertinent to their work. Requests for interpretations shall be referred to NRA.

c) Divisional and Sub-Divisional Trade Practice Complaints Committees shall have the responsibility and duty of instruction and education of persons subject to their jurisdiction, as to their rights and obligations under the Code; the investigation and adjustment of complaints of non-compliance in the first instance and the rendition of reports to the appropriate agency in cases where it has been impossible to secure compliance.

ARTICLE II: PROCEDURE IN THE HANDLING OF COMPLAINTS

Section 1: DEFINITION OF COMPLIANCE

Compliance as used herein includes:

a) The instruction and education of persons subject to the Code concerning their responsibilities thereunder so as to anticipate and avoid complaints of non-compliance;

b) The adjustment of complaints of non-compliance by education, findings of fact, and pressure of opinion within the industry;

c) The adjustment of complaints by conciliation, mediation and arbitration;

d) The rendition of reports to enforcement agencies of the government in cases where all other means have failed.

Section 2: DEFINITION OF TRADE PRACTICE COMPLAINTS

By trade practice complaints for purposes of these regulations shall be understood complaints which allege violations of provisions of the Code, other than Articles III, IV and V which Articles refer to (1) Hours of Labor, and (2) Minimum Wages, and (3) Labor Provisions, provided that a complaint by a competitor alleging that an employer is violating a labor provision of the Code may be handled as a trade practice complaint.

Section 3: FORM OF COMPLAINTS

Complaints of Code Violation must be filed in writing, preferably on the standard form approved by the Code Authority, copies of which may be obtained from any agency of the Code Authority. Anonymous complaints will be acted upon only in the discretion of the Complaint Committee receiving such complaint.

Complaints and all matters pertaining thereto shall be treated strictly confidential by the Committees to whom they are referred.

Section 4: WHERE COMPLAINTS SHALL BE FILED

Complaints of violations of the Ladies' Handbag Industry Code must be filed, in the first instance, with the appropriate Divisional, Sub-Divisional, or Regional Complaints Committee, and if such complaints are sent originally to any other agencies, they shall be forwarded promptly to the appropriate body. Complaints sent direct to the Ladies' Handbag Industry Code Authority office in New York City shall be referred immediately to the proper Divisional, Sub-Divisional or Regional Complaints Committee.

Section 5: Nothing herein shall prevent any complainant at any time from appealing to the National Recovery Administration which shall have authority, in its discretion, to refer such complaints to a

higher agency of the Ladies' Handbag Industry Code Authority with a representative or representatives of the National Recovery Administration included therein, or to the Ladies' Handbag Indsutry Code Authority, or to other Compliance Agencies of the National Recovery Administration.

Section 6: INFORMATION FOR ALLEGED VIOLATORS

The Ladies' Handbag Industry Code Authority shall prepare immediately a statement entitled "Information for persons charged with violation of an NRA Code". This statement shall set forth clearly the rules of procedure in respect to alleged code violations, and indicate that the alleged violator is entitled to hearing and to appeal from any findings made by a Complaints Committee. The statement must also indicate the process by which a case of code violation reached the National Recovery Administration and the various courses of action which may be taken thereon by the Administration.

Section 7: PROCEDURE OF DIVISIONAL AND SUB-DIVISIONAL COMPLAINTS COMMITTEES IN HANDLING COMPLAINTS

a) Immediately upon their receipt by Divisional, Sub-divisional or Regional Complaints Committees, complaints will be examined by the staff thereof, and when such preliminary examination indicates that the facts alleged, if true may constitute a violation of the Code, the complaint shall be filed and given a complaint number. Acknowledgment of the complaint, and advice concerning the complaint number shall be sent immediately to the complainant. In the event that the complaint does not state sufficient facts to constitute a violation, or that additional facts are necessary for determination whether the Code has been violated, complainant shall be required to furnish additional information.

b) Where a complaint is obviously "crank" it shall be acknowledged and without further action placed in the file. Where complaint states facts which even if true would not constitute a violation of the Code, acknowledgment shall be made to complainant with notice of rejection, accompanied by a brief explanation of the reasons therefor.

c) Where a complaint has been accepted and all necessary facts have been secured from complainant, it shall be assigned to a staff member for inquiry and investigation. The first step in such inquiry and investigation is the preparation of a brief statement of the alleged facts for transmission to the respondent, advising him of the Article of the Code alledged to be violated, and making request for prompt advice as to whether all or any of the facts alleged are true, and a further statement of the position of the respondent. Respondent shall also be furnished with a copy of the Code and of "Information for Persons charged with Violation of the Ladies' Handbag Industry Code".

Section 8: ADMISSION OF VIOLATION

If respondent admits violation of Code, but indicates he is willing to comply in the future and has made restitution for past

violations, complainant shall be notified of such adjustment.

Section 9: DENIAL OF VIOLATION

If the respondent denies the facts as alleged, or if he admits the facts but takes issue as to the meaning of the Code, or if he asserts that he is not subject thereto, or that there is a conflict of codes, or if the respondent fails to satisfy the Complaints Committee that he is not violating the Code, he should be notified to appear at the office of the Divisional Sub-Divisional or Regional Complaints Committee and state his case, when such an interview seems expedient and likely to facilitate an adjustment. If no interview is held, or if after such interview the case is still unadjusted, and it appears desirable for a field agent to visit the respondent, arrangements for such a visit shall be made. The field agent, in addition to securing evidence shall seek to bring about an adjustment with the respondent if it appears warranted. If efforts of staff members and field agents are unsuccessful in securing said adjustment, the complaint shall be set for hearing before the proper Complaints Committee and both the Complainant and respondent shall be notified thereof by registered mail. If, after such hearing, the complaint is still unadjusted and further facts or further interviews appear likely to facilitate adjustment, arrangements may be made to have a field agent visit the respondent. In case of doubt as to the meaning of the Code, or as to other facts, an official ruling shall be obtained from the appropriate source.

Section 10: FAILURE TO RESPOND

If respondent fails to answer communication addressed to him within five business days a second communication asking for a reply within five business days shall be sent him by registered mail. Thereafter if no reply has been received or in any case if respondent indicates his unwillingness or lack of intention of complying, or of making restitution, the case shall be assigned to a field agent for such further investigation as may be necessary to determine the facts of the case at first hand.

Section 11: REFERENCE OF CASES TO HIGHER BODIES

a) After a Divisional, Sub-Divisional or Regional Complaints Committee has exhausted all reasonable efforts in adjusting any complaint through interviews, hearings, field investigations, etc., and the complaint is still unadjusted, it may be referred to the appropriate National Complaints Committee, together with recommendations for further action. If any any time any Complaints Committee is convinced that a complaint conclusively sets forth a violation which the respondent shows no disposition to correct or to adjust, such complaint may be immediately referred, together with the entire report, to the National Complaints Committee without following through the regular prescribed routine, and the National Complaints Committee shall refer it promptly to the National Recovery Administration.

b) Cases sent by a Complaints Committee to a higher body for further action must include the following data:

(a) The original complaint and digest of the case.
(b) All previous correspondence on the case.
(c) All original evidence, including affidavits and reports of field agents.
(d) Recommendations of the Compliance Committee.
(e) Statements made by the respondent at hearings or interview, and any written statements filed by him.
(f) A report of the Complaints Committee that respondent was furnished with notice of the complaint and an explanation of his obligations in respect to the subject matter of the complaint; a copy of the Code; a copy of the Ladies' Handbag Industry Code information for persons charged with Violations of the Code; a summary of the facts with reference to the violations found by the Complaints Committee, and any other pertinent facts.

Respondent must also be notified of reference of any complaint against him to a higher body for further action.

Section 12: PROCEDURE FOR HANDLING COMPLAINTS BY NATIONAL COMPLAINTS COMMITTEE.

a) Upon receipt of a complaint referred to it by Divisional, Sub-divisional or Regional Committee, or the National Trade Practice Complaints Committee or the National Labor Complaints Committee, as the case may be, shall so notify the complainant and respondent. The respondent shall be advised after appropriate examination of the complaint that unless he has additional facts to submit or unless he desires a re-hearing the case will be referred to the National Recovery Administration with a request for legal action.

b) If the respondent replies that proper adjustment has been made the case shall be referred back to the Complaints Committee where it originated. If respondent submits further facts, or requests a further hearing, the case shall be docketed for hearing by the Executive Secretary of the National Complaints Committee. If after the hearing the respondent fails to comply with the adjustment prescribed by the National Complaints Committee, or if at any time the Committee is convinced that the respondent shows no disposition to correct or adjust the case, it shall be referred to the National Recovery Administration together with a summary of such recommendations as the Committee may desire to make.

c) Either party to a case shall have an unrestricted right of appeal to NRA from the findings of the National Committee. The names and parties to the cases and all facts pertaining thereto shall be kept confidential.

Section 13: POWER OF MODIFICATION OR ABOLITION OF SUBORDINATE AGENCIES.

The Code Authority shall have the power to remove any member

or members of any subordinate agency whose appointment or election rests with the Code Authority, or to modify the functions or to abolish entirely any agency, the creation of which rests with the Code Authority, if, in the judgment of the Code Authority, such action will promote just and efficient administration of any code function; provided that in no event shall the Code Authority have the power to remove any representatives of labor or Labor Complaints Committees.

Section 14: EXPENSES OF COMMITTEE MEMBERS.

a) National Trade Practice Complaints Committee.

The expenses of the membersof this Committee shall be paid by the Ladies' Handbag Industry Code Authority on a mileage and per diem basis equal to that paid to the members of the Ladies' Handbag Industry Code Authority.

b) Divisional and Subdivisional Trade Practice Complaints.

Members of these Committees shall have their expenses paid by the appropriate Division or on the same basis and in the same manner as other Code Administrative Agency Committees in the same Division or Subdivision.

Section 15: MONTHLY REPORTS TO N. R. A. ON COMPLAINTS.

The Ladies' Handbag Industry Code Authority shall make montly reports to the National Industrial Recovery Board setting forth the number of complaints filed with it, the number of complaints adjusted by it, and the number of complaints which remained unadjusted, within each monthly period, classified as trade practice complaints.

E X H I B I T C-1

Labor Complaints Committee

EXHIBIT C- 1.

At a meeting of the Code Authority held at the McAlpin Hotel on June 14, 1934 the following resolution was made, seconded and unanimously adopted:
RESOLVED

"That the Code Authority be, and is hereby authorized to appoint a National Labor Complaints Committe consisting of three members;

That the Labor Advisory Board shall also appoint three members to this committee;

That the Administration Member of the Code Authority shall be a member of this committee and

That the committee shall have a paid secretary and a legal advisor;

That the names of the members comprising this committee shall be presented to the Code Authority at the next regular meeting."

(Signed) Irving Schoenholz
Secretary

Sworn to and subscribed before me
this 6th day of July, 1934

(Signed) Eva Seligman

Notary Public
New York County Clerks No. 185
(SEAL) New York Co. Register No. 3-8-373
Commission expires March 30, 1935.

At a meeting of the Code Authority held at the Hotel McAlpin on June 14, 1934 the names of the following members were suggested as members to serve on the National Labor Complaints Committee. The Code Authority voted approval.

David A. Ingber	President	Ingber & Co., Inc. 347 Fifth Ave. New York, N. Y.
David Morgenstern	President	Morgenstern & Brosseau, Inc. 26 West 17th Street New York, N. Y.
Sol Mutterperl	President	Sol Mutterperl, Inc. 330 Fifth Ave. New York, N. Y.

(Signed) Irving Schoenholz
Secretary

Sworn to and subscribed before me
this 6th day of July, 1934.

(Signed) Eva Seligman

Notary Public

July 11, 1934.

Mr. O. W. Pearson
45 Broadway
New York City

Dear Mr. Pearson:

In addition to the three Industry members of the National Labor Complaints Committee, there shall be three labor members of said Committee to be designated by the Labor Advisory Board of the National Recovery Administration.

Very truly yours,

(Signed) A. Mittenthal
A. Mittenthal,
Code Director,
Ladies' Handbag Code
Authority

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
347 Fifth Avenue
NEW YORK

July 6, 1934.

REPORT TO THE NATIONAL RECOVERY ADMINISTRATION OF THE ADMINISTRATION MEMBER OF THE CODE AUTHORITY FOR THE CODE OF FAIR COMPETITION FOR THE LADIES' HANDBAG INDUSTRY

Dean G. Edwards
Deputy Administrator
Apparel Section, Division 5
National Recovery Administration
Washington, D. C.

Dear Mr. Edwards:

The Code Authority of the above Code of Fair Competition desires to qualify as a Labor Complaints Committee in the first instance for the purpose of receiving and adjusting all labor complaints of violation arising in the Industry.

It is the desire of the said Code Committee that it create itself as a Complaints Committee.

The groups and interests represented by each member of the Code Authority functioning as a Complaints Committee are as follows:

NAME: David A. Ingber — President — Ingber and Co., Inc. 347 Fifth Avenue, New York, N. Y.

OCCUPATION: Manufacturer of Ladies' Handbags
REPRESENTING: Ladies' Handbag Industry

* * *

NAME: David Morgenstern — President — Morgenstern & Brosseau, Inc. 26 West 17th Street New York, N. Y.

OCCUPATION: Manufacturer of Ladies' Handbags
REPRESENTING: Ladies' Handbag Industry

* * *

NAME: Sol Mutterperl — President — Sol Mutterperl, Inc. 330 Fifth Avenue New York, N. Y.

OCCUPATION: Manufacturer of Ladies' Handbags
REPRESENTING: Ladies' Handbag Industry

* * *

Dean G. Edwards

The business address of the NATIONAL LABOR COMPLAINTS COMMITTEE is, and will continue to be:

347 Fifth Avenue,
New York, N. Y.

The exact scope of the said Complaints Committee will be the territory embraced by the Code of Fair Competition for the above-named Industry.

It is desired that complaints within the scope of said Code Authority are to be filed in the first instance with the said Code Authority.

The said Complaints Committee insofar as its Industrial Adjustment Agency is concerned, is to deal with complaints of alleged violations which refer respectively to:

(1) Labor provisions (when the complaint alleges that an employer is violating a labor provision and is handled as a fair trade practice complaint)

(2) Hours of labor (when the complaint alleges that an employer is violating an hour provision and is handled as a fair trade practice complaint)

(3) Minimum Wages (when the complaint alleges that an employer is violating a wage provision and is handled as a fair trade practice complaint)

The Code Authority has been duly and properly constituted and has been functioning satisfactorily since the effective date of said Code; it is well equipped financially to undertake the expense of the functioning of the said Complaints Committee and is particularly desirous, in the interest of strict compliance with the Code and the principle and spirit of the National Industrial Recovery Act, to place trustworthy investigators in the field to the end that each unit of the Industry may be brought to a complete knowledge that this Code and the Act itself are to be observed, supervised and properly enforced.

Any change in the said committee, either in personnel or in the establishment of regional Complaints Committees, will be immediately reported to the National Recovery Administration.

Respectfully submitted,

(Signed) C. W. Pearson

C. W. Pearson
Administration Member

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY
347 FIFTH AVENUE
New York

July 6, 1934.

Mr. O. W. Pearson
45 Broadway
New York City

Dear Mr. Pearson

It is the aim and purpose of the Code Authority of the Ladies' Handbag Industry to secure compliance with the provisions of the Code by all persons subject to its jurisdiction, without resort of legal process; and to avoid calling in governmental aid until the Code Authority agencies have exhausted all reasonable efforts at securing compliance otherwise.

The Code Authority has organized a National Labor Complaints Committee consisting of not less than six members, three of which have been appointed to represent employers by the Code Authority. The Administration Member of the Code Authority shall be a member of this committee. We shall also have a full time paid executive secretary and a legal advisor. The names and interests represented by each member of the National Labor Complaints Committee are as follows:

David A. Ingber,	President	Ingber & Co. Inc. 347 Fifth Ave., N.Y.
David Morgenstern	President	Morgenstern & Brosseau, Inc. 26 W. 17th Street, N. Y
Sol Mutterperl	President	Sol Mutterperl, Inc. 330 Fifth Ave., N. Y.

The business address of the National Labor Complaints Committee is, and will continue to be, at 347 Fifth Avenue, New York, N. Y.

The Code Authority is duly and properly constituted and is functioning satisfactorily since the effective date of said Code March 26, 1934; it will be equipped financially to undertake the expense of the functioning of the said Complaints Committee, and is particularly desirous in the interest of strict compliance with the Code and the principle and spirit of the National Industrial Recovery Act, to place trustworthy investigators in the field to the end that each unit of the industry may be brought to a complete knowledge that this Code and the Act itself are to be observed, supervised and properly enforced.

Mr. Pearson:-

Any change in the said Committee, either in personnel or in the establishment of regional Complaints Committees, will be immediately reported to the National Recovery Administration.

Very truly yours,

CODE AUTHORITY
LADIES' HANDBAG INDUSTRY

(Signed) A. Mittenthal
A. Mittenthal
Code Director

(Signed) Irving Schoenholz
Secretary

am:edl

Sworn to and subscribed before
me this 6th day of July, 1934

(Signed) Eva Seligman

Notary Public

9811

Mr. C. W. Pearson
45 Broadway
New York City

Dear Mr. Pearson:

In Addition to the three Industry members of the National Labor Complaints Committee, there shall be three labor members of said Committee to be designated by the Labor Advisory Board of the National Recovery Administration.

Very truly yours,

(Signed) A. Mittenthal
A. Mittenthal
Code Director,
Ladies' Handbag Code
Authority.

9811

COMPLIANCE ADMINISTRATION

for the

CODE OF FAIR COMPETITION

of the

LADIES' HANDBAG INDUSTRY

ARTICLE I. ORGANIZATION OF LABOR COMPLAINTS COMMITTEE

Section 1: Creation of National Labor Complaints Committee

The Code Authority shall establish a National Labor Complaints Committee consisting of not less than (4) or more than (10) members, one-half of which shall represent employers and shall be appointed by the Code Authority, or by its presiding officer; and one-half of which, representing employees, shall be appointed by the President on recommendation of the Labor Advisory Board of the National Recovery Administration. An Administration Member of the Code Authority shall be a member of this Committee. He shall have no vote but a veto subject to review by the Administrator. The Committee shall have a full-time paid Executive Secretary, who shall be on the staff of the Ladies' Handbag Code Authority and may devote part of his time to Code Authority duties other than those of this Committee. The Committee shall also have a legal adviser.

Section 2: Administrative Personnel of National Labor Complaints Committee.

The Committee shall elect from its members a presiding officer to preside at all meetings, but such person shall retain and exercise the right to vote. The Committee shall also elect an arbitrator who shall be called to serve as presiding officer with right to vote when the Committee is evenly divided on any question. The Committee, subject to disapproval of the National Recovery Administration, shall adopt its own by-laws and rules of procedure, and fix the time and place of regular and special meetings, and the manner in which such meetings shall be called and conducted. The by-laws, with respect to a quorum, shall provide for equal voting representation of employee and employer members. The facilities of the Code Authority as to necessary office space, stenographic and clerical help, and place of meeting, shall be made available to the Committee. The Executive Secretary of the Committee, shall report at all meetings thereof a summary of the cases handled by the staff in the intervals between meetings together with a statement indicating disposition of cases closed.

Section 3: Functions of National Labor Complaints Committee (or Industrial Relations Committee)

a) The National Labor Complaints Committee shall have juris-

diction in the first instance over all complaints alleging violation of Articles III, IV and V which refer respectively to (1) Hours of Labor and (2) Minimum Wages of the Ladies' Handbag Industry Code, and (3) Labor Provisions, and in the conduct of its work may recommend to the National Recovery Administration, through the Executive Officer of the Code Authority, temporary exceptions to and temporary exemptions from the provisions of the Code, and may make such explanations and expositions and interpretations of Code provisions as its work may require. The Executive Officer shall forward to the National Recovery Administration not later than the day after receipt and without change, all recommendations of the National Complaints Committee made pursuant to the provisions of this paragraph.

b) The Committee shall issue regulations clearly defining its relations with the regional complaints committees hereinabove provided, and is empowered to alter the powers, duties, and territorial jurisdiction of regional labor complaints committees to change the number of such committees, and the number of its members as circumstances may require, to issue regulations and instructions, to require such reports as may be necessary to make these rules effective, and keep the Committee and the National Recovery Administration fully advised concerning labor compliance work under the Ladies' Handbag Industry Code.

Section 4: Regional Labor Complaints Committees

The Code Authority shall establish Regional Labor Complaints Committees for the various parts of the United States, and designate the jurisdiction of such Regional Labor Complaints Committees, their locations and their methods of expense distribution, which shall apply to all persons subject to the Code located in the territory included under the jurisdiction of such Regional Labor Complaints Committees.

Section 5: Membership of Regional Labor Complaints Committees (Regional Industrial Relations Committees)

(a) For each such Regional Labor Complaints Committee, one-half of the membership, representing employees, shall be appointed by the National Recovery Administration on recommendation of the Labor Advisory Board of the National Recovery Administration. The members representing employers shall be appointed by the Code Authority from a panel including persons nominated by the Divisions affected, so as to give fair representation to all Divisions.

(b) Each such Committee shall elect a Chairman, who shall retain and exercise the power to vote. Said Committee shall also elect an arbiter who shall serve, with right to vote, when the committee is equally divided on any question.

Section 6: FUNCTIONS OF REGIONAL LABOR COMPLAINTS COMMITTEES (or REGIONAL INDUSTRIAL RELATIONS COMMITTEES.)

The Regional Labor Complaints Committees subject to ap-

proval of the National Labor Complaints Committee, shall adopt by-laws, and rules of procedure, and shall make provisions therein for periodic meetings and hearings at various places in the territory subject to their jurisdiction so as to give reasonable opportunity for the complainants and respondents to appear before the Committee. The by-laws may also provide for the conduct of hearings and interviews by subcommittees on which there shall be equal representation of members representing employees and members representing employers.

Section 7: DELEGATION OF POWERS BY REGIONAL LABOR COMPLAINTS COMMITTEES OR REGIONAL INDUSTRIAL RELATIONS COMMITTEES.

Any Regional Labor Complaints Committees may, by agreement approved by the National Labor Complaints Committee, delegate a portion of its powers or transfer a portion of its jurisdiction to any other Regional Labor Complaints Committee when such delegation and transfer is in the interest of better administration or appears likely to facilitate and improve compliance work.

Section 8: APPORTIONMENT OF EXPENSES BETWEEN AGENCIES OF THE CODE AUTHORITY.

Each Regional Labor Complaints Committee shall pro-rate the expense of handling labor complaints and/or labor disputes among the Divisions under its jurisdiction in such amount and in such manner that each Division, Subdivision, and Group concerned shall bear its proportionate and just share of the total expense of said Regional Labor Complaints Committe.

Section 9: APPROVAL OF PERSONNEL OF LABOR COMPLAINTS COMMITTEES BY LABOR ADVISORY BOARD

The Labor Advisory Board of the N. R. A. shall approve the selection of all representatives of labor, who may be selected in accordance with procedure herein provided, for service on any labor Complaints Committees and/or Industrial Relations Committees, if, and when created.

ARTICLE II. GENERAL FACILITIES OF COMPLAINTS COMMITTEES
Section 1: DEPARTMENT OF COMPLIANCE.

The Code Authority may create an executive organization to be known as the Department of Compliance headed by a Chief of Compliance, which Department shall have general administrative supervision over all National, Divisional, and Subdivisional compliance activities of the Code Authority.

Section 2: EMPLOYMENT OF FIELD AGENTS AND OFFICE ASSISTANTS.

Divisional and Subdivisional Trade Practice Complaints Committees and Regional Labor Complaints and/or Industrial Relations Committees shall request from the appropriate Division or Subdivision agency such staff assistance as it may require and such assistance shall be furnished promptly. While engaged in assignments for Compliants Committees such staff shall be under the instructions and

direction of the Committee and shall be responsible thereto. Whenever necessary agents may be called to testify at hearings on cases arising under the jurisdiction of the agency by whom they are employed.

Section 3: FUNCTIONS AND DUTIES OF FIELD AGENTS AND STAFF EMPLOYEES.

a) It is the primary purpose of field agents to determine the facts, to explain to persons subject to the Code their duties, their rights and obligations, and to attempt by tact and persuasion to secure an amicable adjustment of complaints. In cases where respondent admits facts as alleged in a complaint the field agent should obtain his explanation and a statement from him as to what he will do to make restitution for violations admitted by him. If respondent admits facts as alleged but takes issue as to the application of the Code to these facts, the field agent shall obtain a clear explanation of the reasons for his position. If respondent denies facts, the field agent shall ask permission to examine records but if such permission is refused he shall not insist upon access to such records. He should, however, explain to respondent that his refusal will be an indication that he does not desire to adjust the complaint and will operate to his disadvantage.

b) Before investigating an alleged violation, field agents shall notify respondent of the approximate date of arrival and the purpose of their visit. Employees should not be interviewed during working hours or upon the premises of the respondent unless permission to do so has been obtained from the latter. Field agents should bear in mind at all times that it is their function to find the facts and explain respondent's obligations under the Code. They should not engage in argument or dispute. Their reports should be made only to the appropriate Complaints Committee for further action.

c) The Committees shall promptly advise the Code Authority or its agencies of any cases in which persons subject to the Code have failed to permit field agents of the committees to visit, examine, or otherwise investigate conditions in any establishment operated by them, and the Code Authority and its agencies shall give similar information to the Committees.

Section 4: FIELD AGENT'S REPORTS.

If a field agent reports that respondent has not violated any provisions of the Code, complainant will be so advised, and if no further word is received from him within a reasonable time the case shall be closed and the respondent so advised. If agent's report indicates that respondent is willing to comply and make restitution for past violations, upon satisfactory evidence that such action has been taken, advice shall be given both to respondent and to complainant and case shall be closed. If agent reports that respondent refuses to comply or make restitution, or has failed to furnish satisfactory explanation and it is decided that further attempts to adjust complaint will be futile respondent shall be advised that the case has been transmitted for action to the proper National Complaints Com-

mittee of the Code Authority.

Section 5: DISSATISFACTION WITH FIELD AGENT'S REPORT.

If either the complainant or respondent is dissatisfied with Field Agent's report, they shall have the right to appear before the appropriate Complaints Committee in person or to file a statement with the Committee stating such new or additional facts as they may feel are pertinent to the case.

Section 6: STATEMENT BY RESPONDENT.

Whenever a respondent makes a statement in a hearing or in an interview, a statement thereof should be promptly prepared by the Executive Secretary of the Complaints Committee. Such statement should be signed by respondent if he is willing; if he declines to sign it, the summary should so indicate; if respondent declines to made any statement, the recommendations of the Complaints Committee should so indicate.

ARTICLE III. PROCEDURE IN THE HANDLING OF COMPLAINTS

Section 1: DEFINITION OF COMPLIANCE.

Compliance as used herein includes:

a) The instruction and education of persons subject to the Code concerning their responsiblities thereunder so as to anticipate and avoid complaints of non-compliance;

b) The adjustment of complaints of non-compliance by education, findings of fact, and pressure of opinion within the industry;

c) The adjustment of complaints by conciliation, mediation and arbitration;

d) The rendition of reports to enforcement agencies of the government in cases where all other means have failed.

Section 2: DEFINITION OF LABOR COMPLAINTS.

By labor complaints for purposes of these regulations shall be understood only those complaints which allege violations of labor provisions (Articles III, IV, V) of the Code, which Articles refer respectively to (1) Hours of Labor, (2) Minimum Wages, and (3) Labor Provisions.

Section 3: FORM OF COMPLAINTS.

Complaints of code violations must be filed in writing, preferably on the standard form approved by the Code Authority, copies of which may be obtained from any agency of the Code Authority.

Anonymous complaints will be acted upon only in the discretion of the Complaint Committee receiving such complaint.

Section 4: CONFIDENTIAL CHARACTER OF COMPLAINTS

The name of the complainant on labor complaints must be kept confidential and the fact that a complaint has been filed against any person under the Code alleging violation of other provisions of the Code must also be kept confidential.

Section 5: WHERE COMPLAINTS SHALL BE FILED.

Complaints of violations of the Ladies' Handbag Industry Code must be filed, in the first instance, with the appropriate Divisional, Subdivisional, or Regional Complaints Committee, and if such complaints are sent originally to any other agencies, they shall be forwarded promptly to the appropriate body. Complaints sent direct to the Ladies' Handbag Industry Code Authority office in New York City shall be referred immediately to the proper Divisional, Subdivisional or Regional Complaints Committee.

Section 6:

Nothing herein shall prevent any complainant at any time from appealing to the National Recovery Administration which shall have authority, in its discretion, to refer such complaints to a higher agency of the Ladies' Handbag Industry Code Authority with a representative or representatives of the National Recovery Administration included therein, or to the Ladies' Handbag Industry Code Authority, or to other Compliance Agencies of the National Recovery Administration.

Section 7: Information for Alleged Violators.

The Ladies' Handbag Industry Code Authority shall prepare immediately a statement entitled "Information for persons charged with violation of the Ladies' Handbag Industry Code." This statement shall set forth clearly the rules of procedure in respect to alleged code violations, and indicate that the alleged violator is entitled to hearing and to appeal from any findings made by a Complaints Committee. The statement must also indicate the process by which a case of code violation reached the National Recovery Administration and the various courses of action which may be taken thereon by the Administration.

Section 8: Procedure of Divisional and Subdivisional Complaints Committees in Handling Complaints.

a) Immediately upon their receipt by Divisional, Subdivisional, or Regional Complaints Committees, complaints will be examined by the staff thereof, and when such preliminary examination indicates that the facts alleged, if true may constitute a violation of the Code and complaint shall be filed and given a complaint number. Acknowledgement of the Complaint, and advice concerning the complaint number shall be sent immediately to the complainant. In the event that the complaint does not state sufficient facts to constitute a violation, or that additional facts are necessary for determination whether the Code has

been violated, complainant shall be required to furnish additional information.

b) Where a complaint is obviously "crank" it shall be acknowledged and without further action placed in file. Where complaint states facts which even if true would not constitute a violation of the Code, acknowledgement shall be made to complainant with notice of rejection accompanied by a brief explanation of the reasons therefor.

c) Where a complaint has been accepted and all necessary facts have been secured from complainant, it shall be assigned to a staff member for inquiry and investigation. The first step in such inquiry and investigation is the preparation of a brief statement of the alleged facts for transmission to the respondent, advising him of the Article of the Code alleged to be violated, and making request for prompt advice as to whether all or any of the facts alleged are true, and a further statement of the position of the respondent. Respondent shall also be furnished with a copy of the Code and of "Information for Persons charged with Violation of the Ladies' Handbag Industry Code".

Section 9: Admission of Violation.

If respondent admits violation of Code, but indicates he is willing to comply in the future and has made restitution for past violations, complainant shall be notified of such adjustment. In the case of an employee who has been discharged for filing a complaint reemployment and restitution of any lost wages, must be a condition precedent to adjustment.

Section 10: Denial of Violation.

If the respondent denies the facts as alleged, or if he admits the facts but takes issue as to the meaning of the Code, or if he asserts that he is not subject thereto, or that there is a conflict of codes, or if the respondent fails to satisfy the Complaints Committee that he is not violating the Code, he should be notified to appear at the office of the Divisional, subdivisional or Regional Complaints Committee and state his case, when such an interview seems expedient and likely to facilitate an adjustment. If no interview is held, or if after such interview the case is still unadjusted, and it appears desirable for a field agent to visit the respondent, arrangements for such visit shall be made. The field agent, in addition to securing evidence shall seek to bring about an adjustment with the respondent if it appears warranted. If efforts of staff members and field agents are unsuccessful in securing said adjustment, the complaint shall be set for hearing before the proper Complaints Committee and both the complainant and respondent shall be notified thereof. If, after such hearing, the complaint is still unadjusted and further facts or further interviews appear likely to facilitate adjustment, arrangements may be made to have a field agent visit the respondent. In case of doubt as to the meaning of the Code, or as to other facts, an official ruling shall be obtained from the appropriate source.

Section 11: Failure to Respond

If respondent fails to answer communication addressed him within a reasonable time a second communication asking for reply within a stated period shall be sent him by registered mail. Thereafter if no reply has been received or in any case if respondent indicates his unwillingness or lack of intention of complying, or of making restitution, the case shall be assigned to a field agent for such further investigation as may be necessary to determine the facts of the case at first hand.

Section 12: Hearings on Complaints Involving Labor Complaints.

Hearings on all complaints involving both trade practice and labor complaints shall be conducted by Labor Complaints Committees subject to the following provisions:

1. A member of the Trade Practice Complaints Committee of the Division or Subdivision under whose jurisdiction the complaint has arisen shall sit on the Labor Complaints Committee but shall not be entitled to vote on labor questions.

Section 13: Reference of Cases to Higher Bodies.

a) After a Divisional, Subdivisional, or Regional Complaints Committee has exhausted all reasonable efforts in adjusting any complaint through interviews, hearings, field investigations, etc., and the complaint is still unadjusted, it may be referred to the appropriate National Complaints Committee, together with recommendations for further action. If at any time any Complaints Committee is convinced that a complaint conclusively sets forth a violation which the respondent shows no disposition to correct or to adjust, such complaint may be immediately referred, together with the entire report, to the National Complaints Committee without following through the regular prescribed routine, and the National Complaints Committee shall refer it promptly to the National Administration.

b) Cases sent by a Complaints Committee to a higher body for further action must include the following data:

a) The original complaint and digest thereof.
b) All previous Correspondence on the case.
c) All original evidence, including affidavits and reports of field agents.
d) Recommendations of the Complaints Committee.
e) Statements made by the respondent at hearings or interview, and any written statements filed by him.
f) A report of the Complaints Committee that respondent was furnished with notice of the complaint and an explanation of his obligations in respect to the subject matter of the complaint; a copy of the Code; a copy of the Ladies' Handbag Industry Code information for persons Charged with Violations of the Code; a summary of the facts with reference to the violations found by the Complaints Committee, and any other pertinent facts.

Respondent must also be notified of reference of any complaint against him to a higher body for further action.

Section 14: Procedure for Handling Complaints by National Complaints Committee.

a) Upon receipt of a complaint referred to it by Divisional, Subdivisional, or Regional Complaints Committees, the National Labor Complaints Committee shall so notify the complainant and respondent. The respondent shall be advised after appropriate examination of the complaint that unless he has additional facts to submit or unless he desires a re-hearing the case will be referred to the National Recovery Administration with a request for legal action.

b) If the respondent replies that proper adjustment has been made the case shall be referred back to the Complaints Committees where it originated. If respondent submits further facts, or requests, a further hearing, the case shall be docketed for hearing by the Executive Secretary of the National Complaints Committee. If after the hearing the respondent fails to comply with the adjustment prescribed by the National Complaints Committee, or if at any time the Committee is convinced that the respondent shows no disposition to correct or adjust the case, it shall be referred to the National Recovery Administration together with a summary of such recommendations as the Committee may desire to make.

Section 15: Power of Modification or Abolition of Subordinate Agencies.

The Code Authority shall have the power to remove any member or members of any subordinate agency whose appointment or election rests with the Code Authority, or to modify the functions or to abolish entirely any agency, the creation of which rests with the Code Authority, if, in the judgment of the Code Authority, such action will promote just and efficient administration of any code function; provided that in no event shall the Code Authority have the power to remove any representatives of labor or Labor Complaints Committees.

Section 16: Expenses of Committee Members.

a) National Labor Complaints Committee.

The expenses of the members of these committees shall be paid by the Ladies' Handbag Industry Code Authority on a mileage and per diem basis equal to that paid to the members of the Ladies' Handbag Industry Code Authority.

b) Regional Labor Complaints Committee.

Members of these Committees shall have their expenses paid by the Division or Subdivision agency where headquarters are maintained, on the same basis and in the same manner as other Committees of the Division or Subdivision Agency where headquarters are maintained.

Section 17: Weekly Reports to N.R.A. on Complaints.

The Ladies' Handbag Industry Code Authority shall make weekly reports to the Administrator setting forth the number of complaints

filed with it, the number of complaints adjusted by it, and the number of complaints which remained unadjusted, within each weekly period classified as labor complaints, provided that with the approval of the Administrator such weekly reports may be superseded by monthly reports within a reasonable time.

E X H I B I T D-1

Constitution and By-Laws

CONSTITUTION AND BY-LAWS

CODE AUTHORITY

FOR THE

LADIES' HANDBAG INDUSTRY

- - -

ARTICLE I

The Code Authority for the Ladies' Handbag Industry having been organized in accordance with the provisions of the Code of Fair Competition as approved by the President on March 14, 1934, hereby establishes and publishes the following By-Laws:

ARTICLE II

Section 1. "Code" as used herein means the Code of Fair Competition for the Ladies' Handbag Industry as approved by the President on March 14, 1934 together with any additions to or modifications thereof, and includes all Executive Orders and rules and regulations which have been or may hereafter be made pursuant to Title I of the National Industrial Recovery Act (hereinafter referred to as the Act) by the President or Administrator relating to or affecting this Industry.

Section 2. The definitions in Article II of the Code are made a part hereof.

Section 3. "Due notice" as used herein means actual notice or notice by telephone or telegraph dispatched at least three days prior to the meeting or event for which notice is required. Actual attendance at such meeting or event, or a waiver of notice executed in writing or sent by telegraph either before or after such meeting or event shall be deemed equivalent to "due notice."

Section 4. Definition of "N.R.A." -- "N.R.A." as used herein means the National Recovery Administration.

ARTICLE III

Section 1. The Code Authority shall have the right to issue ceertifi-

cates of compliance. Agreement to comply with the Code shall be evidenced by signing these certificates in substantially the following form:

> The undersigned has read and fully understands the terms and conditions of the Code of Fair Competition for the Ladies' Handbag Industry adopted and approved by the Administrator for Industrial Recovery on March 14, 1934, and the Regulations adopted by the Code Authority Ladies' Handbag Industry pursuant thereto, approving upon Page Six (6) of this form; and agrees at all times to observe and comply with such Code and Regulations and any other regulations hereafter to be adopted by such Authority, and the undersigned understands that the right to use labels adopted and to be issued by this Code Authority shall be conditioned upon such compliance.
>
> The undersigned further agrees to furnish such information and to submit to such investigations and inspections as the Code Authority Ladies' Handbag Industry may prescribe to insure the faithful performance of the obligations assumed by the undersigned as herein stated.
>
> The undersigned hereby applied to the Code Authority Ladies' Handbag Industry for labels adopted and to be issued by this Code Authority. The undersigned agrees that such labels, when and as issued, shall be attached only to handbags, pocketbooks and purses manufactured by the applicant or for his account, and that such handbags, pocketbooks and purses shall be made under the terms and conditions prescribed in the Code and Regulations adopted pursuant thereto.
>
> The applicant understands that all handbags, pocketbooks and purses manufactured by him or for his account shall bear such labels. This application shall apply to all labels to be issued by the Code Authority Ladies' Handbag Industry to the undersigned.
>
> Date_____
>
> Witnessed by_____
>
> Address of Witness_____
>
> _____
> Name of Corporation, Partnership or Individual
> Address_____
>
> By_____
> Properly authorized officer or partner. (If corporation apply seal.)
>
> SEAL

Section 2. The Code is binding on all members of the industry, irrespective of whether or not they agree to comply.

ARTICLE IV

Section 1. The Code Authority is an agency of limited powers and functions established under the authority of the National Industrial Recovery Act and by virtue of the Code. It shall consist of such number of Industry Members and Administration Members as may be provided for in the Code. The Members of the Code Authority shall hold office for 12 months and such term shall begin on March 26, 1934. Their successors shall be elected on March 1, 1935 but shall not take office until March 26, 1935.

Section 2. Each group, entitled by the Code to select members to the Code Authority, shall select successors to the present members on or before March 1, 1935. Each group shall certify and present to the Code Authority.

1. A list of its members.
2. The notice regarding the proposed selection of the successor members to the Code Authority.
3. The minutes of the meeting at which the selection was made.

Section 3. Each group that has been authorized by the Code of Fair Competition to select representatives to the Code Authority, may also select an alternate or alternates. The alternate or alternates may attend meetings of the Code Authority, but shall not be entitled to participate or vote in the business of the meeting, unless such alternate or alternates have been directed by the Chairman of the meeting to take the place of the absent member or members of the group, which the alternate or alternates represent.

Section 4. Vacancies in the membership of the Code Authority for unexpired terms shall be filled by selection by the surviving representatives of the group in which the vacancy has occured.

Section 5. The Administrator shall have the power to remove Industry Members of the Code Authority for cause, and to fill any vacancy resulting from the exercise of such power, pending the selection of new members.

Section 6. The Administrator shall be the judge of the qualifications and term of office of the Administration Member and shall have the power of appointment of such member.

Section 7. In accordance with Office Order No. 81, it is provided as follows:

1. The Administrator will appoint a labor adviser and a consumer adviser to the Administration Member (or Members) of each Code Authority. The Labor and Consumer Advisory Boards will immediately submit to the Administrator lists of nominees qualified for these positions.

2. The Administration Member will arrange with the Code Authority that these advisers have access to the minutes of all Code Authority meetings and of the meetings of all Code Authority agencies or sub-committees. The Advisers are not members of the Code Authority, and will attend meetings only upon request of the Administration member or of the Code Authority. They have, however, the right to appear before the Code Authority to make statements on specific subjects.

3. The advisers will keep all information concerning the industries to which they are asigned, gained by virtue of their position, strictly confidential. They will confine their reports, advice, recommendations, and other statements regarding these industries to the Administration Member of the Code Authority, the Divisional Administrator, and the appropriate Advisory Board.

ARTICLE V
Officers and Committees

Section 1. The Code Authority shall choose a Chairman who shall preside at meetings and exercise such other functions as may be delegated to him by the Code Authority.

Section 2. The Code Authority shall choose a Vice-Chairman who shall preside at any meeting at which the Chairman is absent or is disqualified for any reason, and shall possess the same authority at this meeting that the Chairman possesses.

Section 3. The Code Authority shall choose a Secretary who shall keep all records and minutes of the Code Authority and all other matters of which a record shall be ordered by the Code Authority. He shall issue notices for all meetings.

Section 4. The Code Authority shall choose a Treasurer who shall safeguard and account for the funds of the Code Authority, keep accurate and full records of receipts and disbursements, render to the Code Authority an accounting of all transactions and perform such other duties as may be assigned by the Code Authority.

Section 5. The duties of any officer may in whole or in part be

assigned under authority of the Code Authority to an agent or agency.

Section 6. The Code Authority may choose such confidential agents or agencies, as it deems necessary, in order to carry out any of the functions, powers and duties vested in it by the Code and shall arrange the compensation for these confidential agents or agencies.

Section 7. All records and minutes of the Code Authority shall at all times be at the disposal of the Administrator. The Industrial, Labor and Consumers Advisory Boards of the NRA shall upon approval of the Administrator, have access to such records, and shall have the right, upon reasonable notice, to appear before the Code Authority in session or to submit to it, any criticisms, complaints or suggestions; and in pursuance thereof, may appeal to the Administrator.

Section 8. The Code Authority may appoint and provide for the expense of some of all of the following standing committees and such other committees as it may from time to time be necessary for carrying out its functions, which committees shall operate under the direction of the Code Authority:

a) Finance, Budget and Label
b) To define semi-skilled worker
c) To provide regulations regarding handicapped persons
d) To provide regulations for the safety and health of employees
e) To study the question of homework
f) To draw up a written agreement for contractors
g) To draw up a constitution and by-laws
h) To take care of coordination with other codes
i) To develop industrial planning and fair trade practices
j) To establish a uniform cost system
k) To draw up regulations regarding style piracy
l) To establish a system for the issuance and sale of labels
m) To establish regulations to govern sales below cost
n) To collect statistics and reports

Section 9. The Code Authority shall have the power to remove from office any member or members of any subordinate agency created by the Code Authority if such member or members were appointed to it. It shall also have the power to modify the functions of, or to terminate the use of, any such agency if in its judgment such action is necessary for the proper administration of the Code.

ARTICLE VI

Section 1. The principal office of the Code Authority shall be located in the City of New York. The Code Authority may also establish and maintain branch offices wherever it deems necessary.

Section 2. The Code Authority shall meet on the second Thursday of each month at its principal office unless otherwise designated by the Code Authority.

Section 3. Special meetings of the Code Authority may be called by the Chairman or by the Chairman upon the written request of the Administrator, his representatives, and Administration Member, or two Industry Members of the Code Authority.

Section 4. A majority of the industry members (regular representatives or alternates directed to act as regular representatives) of the Code Authority shall constitute a quorum for the transaction of business. No determination of the Code Authority shall be made without the affirmative vote of a majority in numbers of the Code Authority. If a quorum be present at any given meeting and a majority of such quorum shall affirmatively approve a given matter, the same shall become effective when and if there shall be received and filed in writing in the office of the Code Authority assents thereto which added to the number voting in person shall constitute a majority of the industry members of the Code Authority.

Section 5. The Code Authority, all subordinate agencies, and all Industrial Adjustment Agencies created by the Code Authority, shall keep a complete record of proceedings at all meetings, and certified copies of minutes and other records and data shall be filed as a permanent record, at the business office of the Code Authority and with the Administrator of the N. R. A.

Section 6. Permanent records of the Code Authority filed with the N. R. A. shall be available to the Advisory Boards of the N. R. A. subject to the approval of the Administrator. Publication of information thus secured shall not be made except with consent of the Code Authority.

ARTICLE VII

The Code Authority shall establish Industrial Adjustment Agencies for the purpose of handling trade practice disputes and labor disputes.

Section 1. The Code Authority shall appoint a Trade Practice Complaints Committee of three members. The Administration member shall be a member of this committee without vote, but with a veto power subject to review by the Administrator. An executive secretary and legal counsel shall also be appointed as either members of the committee or as employees.

This committee shall handle trade practice complaints and disputes in the first instance, and adjust them in accordance with the affected provisions of the Code, and in accordance with the provisions of the National Industrial Recovery Act.

The functions and powers of this committee may in whole or in part be delegated, under authority of the Code Authority, to confidential agents or agencies.

Section 2. The Code Authority, in accordance with Administrative Order No. X-12, dated March 30, 1934, shall appoint an Industrial Relations Committee of six members, consisting of three industry members and three labor members.

The Administration member shall be a member of this committee, without vote but with a veto power subject to review by the Administrator. An executive secretary and legal counsel shall also be appointed as either members of the committee or as employees.

This committee shall handle labor complaints and labor disputes in the first instance and adjust them in accordance with the affected provisions of the Code and in accordance with the provisions of the National Recovery Act. The functions and powers of this Committee may in whole or in part be delegated under authority of the Code Authority to confidential agents or agencies.

Section 3. The committee to develop industrial planning and fair trade practices, which shall meet with the trade practice committee appointed under such other codes as may be related to the industry, for the purpose of formulating fair trade practices to govern the relationships between production and distribution employers under this Code and under such others, to the end that such fair trade practices may be proposed to the Administrator as amendments to this Code and such other codes.

Section 4. Pursuant to Article VI, Section 8 (d) of the Code, the Code Authority may use such trade associations and other agencies as it deems proper for the carrying out of any of its activities provided for herein and to pay such trade associations and agencies the cost thereof, provided that nothing herein shall relieve the Code Authority of its duties and responsibilities under this Code and that such trade associations and agencies shall at all times be subject to and comply with the provisions hereof.

ARTICLE VIII

Section 1. The Code Authority may include in its expense accounts all necessary and proper costs of code administration.

Section 2. The expense of administering this Code shall be assessed by the Code Authority against all members of the industry, subject to such rules and regulations as the Administrator may approve.

Section 3. The Code Authority shall prepare a detailed budget upon which the assessment shall be based. Pursuant to the Code, the budget and plan of assessment must be approved by the Administrator. This budget and plan of assessment shall be available to all members of the industry and such members, as desire, shall be given an opportunity to be heard on the method and amount of assessment.

Section 4. Pursuant to Article Vii of the Code, and subject to the approval of the Administrator, the Code Authority shall have the exclusive right of this industry to issue and sell labels to the members thereof. The Code Authority shall establish rules and regulations and appropriate machinery for the issuance and sale of labels and the inspection, examination and supervision of the practices of members of the industry using such labels for the purposes of ascertaining the right of such members of the industry to the continued use of said labels; or protecting purchasers in relying on said labels; and of insuring to each individual member of the industry that the symbolism of said label will be maintained by virtue of compliance with the provisions of this Code by other members of the industry using said labels.

ARTICLE IX

Section 1. The Code Authority shall designate a disinterested statistical agency (this may be a Government Bureau) which shall collect information and statistics from members of the Industry for the compilation of reports as to wages, hours of labor, number of workers, types of workers, production, type of merchandise produced, volume of sales, methods of sales, and any other pertinent matters, in accordance with the provisions of the Code and deemed necessary by the Code Authority and the directions of the Administrator thereunder. In addition such statistical information as the Administrator may deem necessary for the purpose recited in Section 3 (a) of the Act, shall be furnished to such Federal and State agencies as the Administrator may designate.

Section 2. Such statistics and information, except as otherwise may be provided by this Article, shall be kept confidential. No publication thereof in any manner shall be made to anyone, other than in summary form and without individual identification; provided, however, that any of such statistics and information shall be made available to the Administrator. Any member of the Code Authority or officer or agent thereof who discloses such information in violation of this section may be removed from office by the Administrator, either on his own initiative or upon complaint made by any party affected by such disclosure.

ARTICLE X
INTERPRETATIONS, EXCEPTIONS, EXEMPTIONS, MODIFICATIONS AND AMENDMENTS OF CODE.

Section 1. Definition of "Interpretations"---This term includes all rulings on the meaning of the language of a code where the intent of that language is in doubt; i.e., where a knowledge of the surrounding circumstances and of the general policies of N. R. A. on the part of the person making the rulings, fails to remove the necessity for a decision on which reasonable men, equally well informed, might differ. Where no decision is required on which reasonable men, equally well informed, might differ, the ruling is not an interpretation but merely an explanation.

Section 2. Definition of "Exceptions" and "Exemptions"---These terms include all rulings whereby an individual, group, or class is released from the full operation of a provision of a code.

Section 3. Definition of "Modifications"---This term includes all rulings whereby a code is amended by adding a provision thereto or changing or omitting any provision thereof.

Section 4. Provisional Interpretations---When the immediate course of action of the person seeking an interpretation may depend on the answer given, the Code Authority shall give a provisional ruling on the interpretation requested. At the same time, it shall be made clear that the ruling so given is subject to review by the N. R. A. This provisional ruling shall not be circularized throughout the Industry, but shall be given solely for guidance of the particular person or persons involved, including any interested party or group who would be affected by not being immediately informed of the provisional ruling. The transcript of such a provisional interpretation shall be sent to the N. R. A., which will notify the Code Authority regarding the approval, disapproval, or modification of the interpretation as given.

Section 5. Requests for Immediate Interpretations---Where the final ruling on an interpretation must be made immediately, and a provisional ruling by the Code Authority is not sufficient, the Code Authority shall communicate with the N. R. A. and request an immediate ruling on the interpretation.

Section 6. Final rulings---No final rulings on matters covered by Sections 1, 2 and 3, of this Article may be made except by the Administrator, after such notice and hearing as he may require. The Code Authority shall give the widest publicity to final rulings.

Section 7. Procedure on Exceptions and Exemptions---In any case in which a member of the Industry believes that the operation of the Code imposes undue hardship, or is not carrying out the purpose of the Act, such member may set forth such facts in a petition to the Code Authority requesting an exception or exemption from a specific

provision of the Code. The Code Authority, within thirty days after such petition is filed, shall submit it, together with its findings and recommendations to the Administrator. If the Code Authority fails to make findings and recommendations within such period, or if it recommends dismissal of the petition, such member of the Industry may petition the Administrator for an exception or exemption.

Section 8. Procedure on Amendments and Modifications---All proposals for amendments to or modifications of the Code by members of the Industry, shall be submitted in the first instance to the Code Authority for its recommendation. The Code Authority shall immediately consider such proposals and shall recommend to the Administrator approval, modification, or disapproval thereof.

Section 9. Consultation with Administration Member---The Industry Members shall consult with the Administration Member of the Code Authority and his Advisers in connection with the preparation of findings and recommendations for interpretations, exceptions, exemptions, modifications, and amendments to the Code.

ARTICLE XI

ARBITRATION

Section 1. Procedure Governing Arbitration---With the approval of the Administrator, the Code Authority may establish procedure for the arbitration of specific types of trade practice and labor controversies arising under the Code. Such procedure should accord with State and Federal laws.

ARTICLE XII

CODE AUTHORITY REGULATIONS

Section 1. Regulation of Procedure---In addition to the By-laws the Code Authority may adopt Regulations to govern its procedure in the exercise of powers granted to it under the Code, and the limits of which are defined in the Code and By-laws. Such Regulations shall outline detailed procedures, the fundamentals of which have been embodied in the By-laws. They shall be subject to the disapproval of the Administrator.

Section 2. Identification of Code Authority Regulations---All Code Authority Regulations and all amendments thereto, issued in accordance with Section 1 above, shall be clearly described as "Regulations of the Code Authority of the Ladies' Handbag Industry", and shall be identified in such manner that every general subject shall be designated by article number, and every specific provision of each article be section number.

Section 3. Amendments to Regulations---Code Authority Regulations may be amended in accordance with procedure similar to that required

for the initial issuance of such regulations.

ARTICLE XIII

POWERS AND LIABILITIES OF CODE AUTHORITY

Section 1. Non-liability of Code Authority Members--Nothing contained in these By-laws shall constitute the members of the Code Authority partners for any purpose. Nor shall any member of the Code Authority be liable in any manner to anyone for any act of any other member, officer, agent, or employee of the Code Authority. Nor shall any member of the Code Authority, exercising reasonable diligence in the conduct of his duties hereunder, be liable to anyone for any action or omission to act under these By-laws, or under regulations adopted pursuant to Article XII of these By-laws, except for his own wilful misfeasance or nonfeasance. Nothing herein shall relieve any member of the Code Authority from duties or responsibilities imposed upon him by the Code.

ARTICLE XIV

EFFECTIVE DATE AND AMENDMENTS OF BY-LAWS

Section 1. Effective Date---These By-laws shall become effective when approved by the Administrator.

Section 2. Amendments to By-Laws---Amendments to these By-laws may be adopted by a 2/3 (two thirds) vote of the Code Authority, and shall become effective when approved by the Administrator.

ARTICLE XV

GENERAL PROVISIONS

Section 1. Subordination of By-laws to Code and Act---No provision in these By-laws shall be so applied as to conflict with any provision of the Act or of the Code.

Section 2. Availability of By-laws---These By-laws and all Regulations and all amendments to such By-laws and Regulations shall be made available to all members of the Industry.

E X H I B I T E-1

Brief - National Hand Bag Salesmen's Association

EXHIBIT E-1

BRIEF OF THE

NATIONAL HANDBAG & ACCESSORIES SALESMEN'S ASSOCIATION

Respectfully submitted by

BANJAMIN MILLER - COUNSEL

The National Handbag & Accoessories Salesmen's Association representing the salesmen in the handbag and accessories industry has among other objectives and purooses the improving and aiding a spirit of cooperation between employee and manufacturer, cooperation with the code authority and the NRA and further the promotion of peace and harmony in the industry in said relationship, thus resulting in putting the industry and those who derive their living from it back on a sounder and more profitable basis.

Now, more than ever, are the manufacturers' problems the salesmen's problems insofar as it remains in the power of some 900 handbag salesmen, who travel the 48 states to patrol their territories and aid in enforcing the handbag code.

Prior to 1928, the handbag salesmen, collectively, were a highly respected group of men, upholding the dignity of their calling earning a substantial livelihood for themselves and their families, and doing human service for their employers who reaped the financial reward. During the pre-depression days, it was unheard of for a handbag salesman to represent more than one manufacturer. This condition was made possible, not so much because business conditions were good, but due to the fact that the rate of commissions was more munificent. In years prior to 1928, at least 95% of the handbag salesmen made money for themselves and their employers because their commissions ranged approximately 10% and upwards. However, since that time, conditions have reversed and 95% have not been able to eke out an existence.

Not only were the rate of commissions higher but in nearly 100% of the cases there were personal accounts plus expense accounts for traveling. The salesmen contend that during the last five years there has been a regular scheme on the part of the manufacturers to do away with this former ethical way of doing business and employing salesmen. As a result of these tactics, due only to the manufacturer's heartless attitude toward his salesmen, the salesmen's earning power has been reduced so drastically that he is today at the point of desperation. Therefore, these unfair practices on the part of the manufacturers, in addition to the fact that the volume has become greatly reduced have brought about this protest and request for a conference to take up these matters in order that they might earn a livelihood for themselves and for their families to which every American citizen is justly entitled.

For the sake of figures, the man who did a volume of business of $100,000 a year gross sales, prior to 1928, was paid a commission to 10% up to 15% and he would earn approximately $11,000 a year gross. The average salesman made from 2 to 4 trips yearly and received 95% to 100% shipments on his sales. Full commissions were paid on all business.

Contrast this picture with the present and we find that this very same man who sold comparative figures of $100,000 up to 1928 is fortunate if his sales today are $50,000 gross. We find instead of receiving 95% to 100% shipments, he is fortunate if his shipments are 70% and he is paid, in the majority of cases, a commission of 5% or less on net sales instead of gross sales, as indicated by the annexed schedule of rates of commissions paid by 32 representative firms. He now finds it necessary to make at least 4 to 7 trips yearly, with the cost of traveling and doing business no less than 1929.

Every manufacturer embodies the selling commission in the cost of his product and, therefore, should take anything out of his own profits. However, on the other hand, the manufacturer who advances his representative a drawing account against the cut commission, finds that at the termination of the year, his salesmen are indebted to the firm, having been unable to do enough business to cover his drawings and the average firm is then inclined to wipe out this deficit.

Had the salesmen been paid a respectable rate of commission, as of old, in most cases there would be no indebtedness incurred. However, working under the prevailing lower rates of commission, the manufacturer finds that it costs him 4% to 5% more. This naturally makes it necessary for the manufacturer to take an unnecessary loss, whereas if a reasonable and justified commission were originally figured into the cost of the product, this loss would be eliminated and both the salesmen and manufacturer would finish the year with a profit, retaining the salesmen's morale and the employer is completely satisfied, for he too has made a profit and assists in binding the ties of a mutual partisanship and creating a spirit of friendly relations.

Pressure being brought to bear as in no other industry, due to lack of coordination and cooperation, the handbag salesman has been forced to carry more than one line. The result is that today 95% of the salesmen carry from 2 to 5 non-conflicting lines in order to earn a meager livelihood. No one man can give his honest effort to so many lines and do justice to himself or to his employer.

The conditions above outlined necessitate the making of the following improvement and changes:

1. Salesmen in the industry should be granted specific territorial rights and these salesmen should enjoy all the rights and benefits of any and all commissions that may accrue therefrom directly or indirectly.

2. Salesmen should receive their commissions based upon gross sales.

3. Salesmen in the industry should all receive uniform commissions on gross sales in accordance with the following schedule:

   All merchandise sold up and to including $9.00 a dozen, 6% commission on gross sales.
   All merchandise sold from $9.25 to $30.00 a dozen 7½% commissions on gross sales.
   All merchandise sold from $31.00 to $72.00 a dozen 10% commission on gross sales.
   All merchandise sold from $72.00 per dozen and up, 12½% commission on gross sales.

4. Salesmen should be guaranteed at least 90% shipments on all confirmed orders booked in their territories, except for conditions beyond the control of the manufacturers such as acts of God, strikes, et cetera.

5. Salesmen should be given minimum drawings against commission of $35.00 a week to local city salesmen and minimum of $75.00 a week for road salesmen.

6. Salesmen should receive 6% commission on all close outs, jobs, sample lines, et cetera.

7. That salesmen be given monthly itemized statements in detail of all merchandise shipped in their respective territories.

Commissions must be brought back to former livable rates that have prevailed from the inception of the industry. The old commissions will not decrease the manufacturers' profit, for they should be figured into the cost of the product. As a comparable example, we refer you to the jewelry industry which is acknowledged as a kindred line, the jewelry being bought in many instances by the same buyer, either in the same department as handbags, or alongside and considered an accessory and luxury equally as important as handbags. Commissions in the costume jewelry business have never at any time been decreased and range from 8% to 15% plus, in spite of the fact that their volume has decreased even to a much greater extent than handbags. Granting the above request will not only aid and abet the manufacturer but will create a bigger business, more employment, and cultivate closer ties of relationship between salesmen and employer.

The evils aforementioned have evolved out of the unfair practices which have been indulged in by many manufacturers. This is evidenced by comparing the present commission rates as indicated by the annexed schedule of the 32 representative manufacturers enumerated therein, paying rates of commission comparable to those commissions paid prior to 1929. A complete survey of the industry proves that the majority of the manufacturers in the industry have been guilty of "chiseling" with commissions for price cutting and other unfair trade practices.

In view of the fact that the manufacturers will shortly begin to plan their new lines and inasmuch as the majority of the salesmen would be leaving for the road on the first of January, it is urgent that a conference be held immediately between a representative committee of the code authority and a committee representing the salesmen of the National Handbag & Accessories Salesmen's Association, with Mr. Pierson the government representative on the code authority who has counselled such a meeting.

SCHEDULE "A"

	7.50	15.00	15.75	21.00	21.35	22.50	35.65	54.00	up	jobs
Firm 1		7⅕	12⅕		7⅕	12⅕	7⅕	10		
" 2		7⅕		7⅕						
" 3		7⅕		7⅕						
" 4					7½		10	10		
" 5					6		7⅕	7½		
" 6					7		7			
" 7		7⅕			7⅕		10			
" 8							7⅕			
" 9		10			10		10	10		
" 10					5					
" 11							20	20	20	
" 12					7⅕		10			
" 13		5			5		7⅕			2⅕
" 14		5			5		7⅕			Spec.3
" 15	6	6			6		6			6
" 16	7									
" 17					7⅕		7⅕			
" 18							7⅕	10	10	
" 19	5	6			6					
" 20	5	5			5					
" 21	5									
" 22	5									
" 23							7⅕	7⅕	7⅕	
" 24		5								Close-
" 25	5									outs
" 26		4⅕			5		6½			2
" 27	7½	7⅕			7⅕		7⅕	7½	7½	
" 28	5	5			5		7⅕	10	10	
" 29							5	7⅕	10	
" 30								8⅕	8⅕	8⅕
" 31							7⅕			
" 32					6		7⅕			

E X H I B I T F-1

List of Orders issued

LADIES' HANDBAG INDUSTRY

332-1	Admin.	3-14-34	Approving code
332-2	Admin.	4-27-34	Appointing Philip Lubliner member of Code Authority, (nominated by Labor Advisory Board).
332-3	Admin.	5-10-34	Appointing O. W. Pearson member, without vote, of Code Authority
332-4	Admin. (Div.)	5-25-34	Denying exemption to G. R. Godfrey Co., Gardner, Mass.
332-5	Admin. (Div.)	5-25-34	Denying exemption to Hudson Leather Goods, Inc., Nyack, N.Y.
332-6	Admin. (Div.)	5-25-34	Denying exemption to Paragon Novelty Bag. Co.; Uneeda Belt Co., Inc., Newburg Hand Bag Co., Inc., & Licht & Kaplan, Inc., all of Newburgh, N.Y.
332-7	Admin. (Div.)	5-25-34	Denying exemption to Strand Leather Goods Co., Inc., New York City.
332-8	Admin. (Div.)	5-28-34	Approving Itemized Budget and Equitable Basis of Contribution for Fiscal Year 3-26-34 to 3-26-35.
332-9	Admin. (Div.)	5-29-34	Notice of Opportunity to File Objections (Itemized Budget and Equitable of Contribution)
332-10	Admin. (Div.)	6-6-34	Interpretation re: Art. V, Sec. 10
332-11	Admin. (Div.)	6-9-34	Staying Order No. 332-8 which approved Budget and Basis of Contribution.
332-12	Admin. (Deputy)	6-15-34	Notice of Opportunity to be Heard (Modification Proposal)
332-13	Admin.	7-3-34	Approving Amendment No. 1
332-14	Admin.	7-16-34	Approving revised Budget and Basis of Contribution for period of 3-26-34 to 3-26-35
332-15	Admin. (Div.)	7-27-34	Terminating exemption conferred by Par. III of Administrative Order X-36.
332-16	Admin. (Div.)	9-8-34	Acknowledging and recognizing 10 members of code authority
332-17	Admin. (Div.)	9-27-34	Approving plan of organization and procedure of Trade Practice Complaints Committee, consisting of 4 members, and officially authorizing said Committee to proceed with adjustment of trade practice complaints.
332-18	Admin. Officer	10-6-34	Approving Contractors' Agreement submitted by Code Authority
332-19	Division Administrator	12-22-34	Approving By-Laws of Code Authority
332-20	Admin. Officer	1-2-35	Appointing Isidor Laderman Labor Representative of Code Authority; and cancelling Order No. 332-2
332-21	Division Administrator	1-16-35	Denying exemption to Bosca, Inc., Marion, Ohio.
332-22	Deputy Administrator	3-16-35	Notice of Opportunity to be Heard (Budget and Basis of Contribution, March 26, 1935 to March 25, 1936)
332-23	Admin. Officer	5-6-35	Appointing 3 Industry members of Code Authority

LADIES' HANDBAG INDUSTRY
(Continued)

332-24	Admin. Officer	5-23-35	Approving Amendment No. 2 (now Art. VIII, Sec. 16, "Uniform Method of Handling Repairs")
332-25	Asst. to Admin. Officer	5-24-35	Approving Budgets and Bases of Contribution of Code Authority for period from March 26, 1935 to June 16, 1935, and June 17, 1935 to March 25, 1936.

E X H I B I T G-1

Notices of Hearings

NATIONAL RECOVERY ADMINISTRATION

Registry No. 236/1/01
Approved Code No. 332

Notice of Hearing: No. 367-T December 19, 1934.

LADIES' HANDBAG INDUSTRY
(Amendment Proposals)

The above Industry, as represneted by the Code Authority, has submitted an application for amendments to the Code of Fair Competition for the Ladies' Handbag Industry by amending such Code as hereinafter set forth and as submitted in the application for amendments and said Code may, pursuant to the Hearing hereinafter referred to and/or any subsequent hearing, be amended in the form now submitted and/or be amended in such form, substance, wording, and/or scope by one or more other or similar amendments, pursuant to information or consideration properly before the National Industrial Recovery Board in such Hearing Records or otherwise, in any reasonable particular germane to the original provisions of said proposed amendment as submitted.

The amendments proposed in such application are as set forth in Schedule "A", attached hereto and hereby made a part hereof.

NOTICE IS HEREBY GIVEN that a Public Hearing on these amendments will be conducted by Deputy Administrator Harry S. Berry, beginning at 10:00 A.M., on Wednesday, January 9, 1935, in Room 2062-66, Department of Commerce Building, Washington, D. C., and continued until completed. An opportunity to be heard (either in person or by duly appointed representatives either by appearance or by sending written or telegraphic statement) will be given to persons or groups who can show a substantial interest as workers, employers, consumers, or otherwise in the effect of any provision of the proposed amendments.

Those wishing to be heard must comply with the following simple requirements.

(1) A written on telegraphic request for an opportunity to be heard must be filed before noon on Tuesday, January 8, 1935, with the Deputy Administrator, Room 4035, Department of Commerce Building, Washington, D. C.

(2) Such request shall state the name of (a) any person seeking to testify in the hearing, and (b) the persons or groups whom he represents.

(3) Such request shall contain a statement setting forth without argument, a proposal: (1) for any change in the definition or wording; or (2) any objections to changes in the definition or wording.

(4) At the Public Hearings, all persons are regarded as witnesses, and shall present orally facts only and not argument. Written briefs or arguments may be filed but oral presentations will be

confined to factual statements only.

(5) In the discretion of the Deputy Administrator in charge of the Hearing, persons who have not complied with the requirments of paragraph (1), above, may be permitted at any time prior to the close of the Hearing to file written statements containing proposals for, eliminations from, amendments to, or additions to the definition or wording supported by pertinent information or argument. Such written statements must be condensed as much as possible.

Public Hearings are solely for the purpose of obtaining in the most direct manner the facts useful to the Deputy Administrator, and no arguments will be heard or considered at this time. Representation of interested parties by attorneys or specialists is permissible, but is not to be regarded as necessary. Industry, workers, and the consuming public will be represented by special advisers employed by the Government.

National Industrial Recovery Board,
By: W. A. Harriman,
Administrative Officer.

Harry S. Berry,
Deputy Administrator.

(N.B.: To Code Authorities and Trade and Industrial Associations and Agencies:
The above contains notice of possible action in which your members or other parties known you you may be vitally interested. You are urged to exercise every reasonable effort to cause the subject matter to be called to their attention.)

SCHEDULE "A"

PROPOSED AMENDMENTS TO THE LADIES' HANDBAG CODE

Article II, Section 1, shall be amended by inserting the words "shopping bags", "bathing bags", "handkerchief bags", "kiddy bags", "vanity boxes", "cosmetic bags", "utility bags", "knitting bags", in the first sentence after the word "purses" so that Section 1 of Article II will read as follows:

"The term 'industry' as used herein includes the manufacture of Ladies', misses', and children's handbags, pocketbooks and purses, shopping bags, bathing bags, handkerchief bags, kiddy bags, vanity boxes, cosmetic bags, utility bags, knitting bags, manufactured of any material of any kind or nature. The term 'industry' shall not include, however, the manufacture of handbags, pocketbooks, purses and mesh bags manufactured in whole of metal."

Insert a new section to be known as Section 17 of Article VIII, to read as follows:

"Design piracy is hereby declared to be an unfair method of competition. The term 'design' as used herein, signifies designs artistic or ornamental and not functional or mechanical. No member of the industry shall imitate or copy, or cause to be imitated or copied, any design original in its application to any product of the industry, without the consent of the owner thereof, if:

"(a) A drawing, photograph or model of said design has been registered with a disinterested and impartial agency to be designated by the Code Authority with the approval of the Administrator. In registering such design, the registrant shall indicate clearly the particular or particulars in which such design is original in its application to any product of the industry, shall, in addition, submit a sworn statement in which he certifies that to the best of his knowledge and belief, such design is in fact original as aforesaid, and shall specify the date of conception of such design. Such disinterested and impartial agency shall accept any design submitted for registration as aforesaid, and shall issue a certificate of registration to the registrant.

"(b) Said design or said article to which said design is applied or in which said design is embodied bears the mark 'Registered NRA design' or 'Reg. NRA Code Number', and the date of registration.

"(c) Provided, that the prohibition herein against piracy of any design shall expire six months from the date of registration thereof.

"(d) Any plan for registering of designs and making this Section effective shall have the approval of the Administration.

"(e) An Arbitration Board shall be set up to settle differences occasioned by conflicts in design or priority of rights under registered designs. After all possible effort has been exerted to amicably settle

NATIONAL RECOVERY ADMINISTRATION

Registry No. 236/1/01. February 7, 1935.
Approved Code No. 332 Notice of Hearing: No. 367-F.

LADIES' HANDBAG INDUSTRY (Amendment Proposals)

The above Industry, as represented by the Code Authority, has submitted an application for amendments to the Code of Fair Competition for the Ladies' Handbag Industry by amending such Code as hereinafter set forth and as submitted in the application for amendments and said Code may, pursuant to the Hearing hereinafter referred to and/or any subsequent hearing, be amended in the form now submitted and/or be amended in such form, substance, wording, and/or scope by one or more other or similar amendments, pursuant to information or consideration properly before the National Industrial Recovery Board in such Hearing Records or otherwise, in any reasonable particular germane to the original provisions of said proposed amendment as submitted.

The amendments proposed in such application are as set forth in Schedule "A," attached hereto and hereby made a part hereof.

Additional copies of such amendments are available at the offices of the National Recovery Administration, Room 3316, Department of Commerce Building, Washington, D. C.

NOTICE IS HEREBY GIVEN that a Public Hearing on these amendments will be conducted by Deputy Administrator Walter Mangum, beginning at 10:00 A. M., on Thursday, February 28, 1935, in the Sun Parlor of the Washington Hotel, Washington, D. C., and continued until completed. An opportunity to be heard (either in person or by fuly appointed representatives either by appearance or by sending written or telegraphic statement) will be given to persons or groups who can show a substantial interest as workers, employers, consumers, or otherwise in the effect of any provision of the proposed amendments.

Those wishing to be heard must comply with the following simple requirements.

(1) A written or telegraphic request for an opportunity to be heard must be filed before noon on Wednesday, February 27, 1935, with the Deputy Administrator, Room 4035, Department of Commerce Building, Washington, D. C.

(2) Such request shall state the name of (a) any person seeking to testify in the hearing, and (b) the persons or groups whom he represents.

(3) Such request shall contain a statement setting forth without argument, a proposal: (1) for any change in the definition or wording; or (2) any objections to changes in the definition or wording.

(4) At the Public Hearing, all persons are regarded as witnesses, and shall present orally facts only and not argument. Written briefs or arguments may be filed but oral presentations will be confined to factual statements only.

(5) In the discretion of the Deputy Administrator in charge of the Hearing, persons who have not complied with the requirements of paragraph (1), above, may be permitted at any time prior to the close of the Hearing to file written statements containing proposals for, eliminations from, amendments to, or additions to the definition or wording supported by pertinent information or argument. Such written statements must be condensed as much as possible.

Public Hearings are solely for the purpose of obtaining in the most direct manner the facts useful to the Deputy Administrator, and no arguments will be heard or considered at this time. Representation of interested parties by attorneys or specialists is permissible, but is not to be regarded as necessary. Industry, workers, and the consuming public will be represented by special advisers employed by the Government.

National Industrial Recovery Board.
By: W. A. Harriman,
Administrative Officer.

Walter Mangum,
Deputy Administrator

(N.B.: To Code Authorities and Trade and Industrial Associations and Agencies:
The above contains notice of possible action in which your members or other parties known to you may be vitally interested. You are urged to exercise every reasonable effort to cause the subject matter to be called to their attention)

SCHEDULE "A"

PROPOSED AMENDMENTS - CODE OF FAIR COMPETITION FOR THE LADIES' HANDBAG INDUSTRY

Article III, Section 2 shall be amended to read as follows:

"No person employed in shipping, clerical, or office work, unless he is employed in a managerial or executive capacity and earns not less than thirty-five dollars ($35.00) per week, shall be permitted to work in excess of forty (40) hours per week averaged over any one month period; provided, however, that a partner, officer, director, or stockholder of a 'member of the industry' engaged in productive labor, shall be considered an employee for the purposes of this Code, and shall be subject to the labor provisions thereof."

Sections 2 and 6 of Article IV shall be deleted.

Article VI, Section 8 (c) shall be amended to read as follows:

"Each member of the Industry shall keep accurate and complete records of his, their or its transactions in the Industry in respect to wages, hours of labor, conditions of employment, number of employees and other matters necessary for the effectuation of this Code, and Title I of the National Industrial Recovery Act. Each member shall furnish accurate reports based upon such records concerning such matters when required by the Code Authority or the National Industrial Recovery Board. If the Code Authority or the National Industrial Recovery Board shall determine that doubt exists as to the accuracy

of any such report, so much of the pertinent books, records and papers of such members as may be required for the verification of such report may be examined by an agency agreed upon between the Code Authority and such member, or in the absence of an agreement, by an agency appointed by the Code Authority and approved by the National Industrial Recovery Board.

"If a member of the Industry shall fail to furnish accurate reports concerning any of the foregoing matters when required by the Code Authority or the National Industrial Recovery Board, such member shall make available to an agency appointed by the Code Authority with the approval of the National Industrial Recovery Board so much of the pertinent books, records and papers of such member as may be required by the Code Authority with respect to wages, hours of labor, conditions of employment, number of employees and other matters necessary for the effectuation of this Code.

"In no case shall the facts disclosed by such examination be made available in any form to any competitor whether on the Code Authority Board or otherwise, or be given any other publication except so much thereof as may be required for the proper administration or enforcement of all the provisions of this Code."

Add a new section to Article VI to be known as Section 9, reading as follows:

"The Labor Member appointed by the National Industrial Recovery Board, and nominated by the NRA Labor Advisory Board, shall have the right to vote on all questions affecting labor, compliance and enforcement, but shall not have the right to vote on trade practice provisions or on the employment or discharge of any officer, director, attorney, or other agency of the Code Authority."

Article VIII, Section 11 shall be amended to read as follows:

"No member of the industry shall grant cash discounts in excess of 3/10 E.O.M. Excepting on goods sold up to and including $27.00 a gross, no member of the industry shall grant cash discounts in excess of 2/10 E.O.M.

"Anticipation may be allowed at the rate of 6% per annum. No member of the Industry shall grant quantity and/or volume discounts of any nature."

Add a new Section to Article VIII to be known as Section 16, reading as follows:

"FREE DEALS--COMBINATION DEALS--No member of the Industry shall directly or indirectly give what are known as 'free deals' or 'free merchandise' or 'combination deals' whereby a joint total price is charged for handbag along with other merchandise. All bills and invoices in which handbags are one of the items, shall set forth separately and definitely the charge of the handbag alone."

NATIONAL RECOVERY ADMINISTRATION

Registry No. 236/1/01. 5399-A
Approved Code No. 332.

Notice of Opportunity to File Objections
Administrative Order No. 332-9.

May 29, 1934.

LADIES' HANDBAG INDUSTRY

The Code Authority for the Ladies' Handbag Industry has made application to the Administrator for approval of its Itemized Budget and Equitable Basis of Contribution for the expense of administering the Code for the fiscal year March 26, 1934 to March 26, 1935.

The Itemized Budget and Equitable Basis of Contribution was approved by Administrative Order No. 332-8 of May 28, 1934. The Order of approval read in part as follows:

> "This Order shall become effective fourteen (14) days after the date hereof unless good cause to the contrary be shown and objections filed with me by that time and further Orders are issued thereon by me."

The Order of approval and the Itemized Budget and Equitable Basis of Contribution are as set forth in Schedule "A", attached hereto and hereby made a part hereof.

NOTICE IS HEREBY GIVEN that any objections to said Itemized Budget and Equitable Basis of Contribution must be filed with Deputy Administrator Earl Dean Howard, Room 4215, Department of Commerce Building, Washington, D.C., prior to Monday, June 11, 1934. Any person filing objections must state his name, the person or group whom he represents, and the basis of his objections.

This opportunity for filing objections is for the purpose of obtaining in the most direct manner facts useful to the Administrator. Objections filed will be given due consideration, and the Administrator, after consulting with such of his advisors as he may deem appropriate, may revise said Itemized Budget and Equitable Basis of Contribution on the basis of objections filed pursuant to this Notice.

Earl Dean Howard,
Deputy Administrator.

Sol A. Rosenblatt,
Division Administrator.

(N.B.: To Code Authorities and Trade and Industrial Associations and Agencies:
The above contains notice of possible action in which your members or other parties known to you may be vitally interested. You are urged to exercise every reasonable effort to cause the subject matter to be called to their attention.)

SCHEDULE A

ORDER No. 332-8

CODE OF FAIR COMPETITION
FOR THE
LADIES' HANDBAG INDUSTRY

Approval of Itemized Budget and Equitable Basis of Contribution for Fiscal Year March 26, 1934 to March 26, 1935.

An application having been duly made by the Code Authority of the Ladies' Handbag Industry for approval of its budget for, and of the basis of contribution by members of the Industry to, the expenses of administering the Code for the fiscal year March 26, 1934 to March 26, 1935, and opportunity to file objections being hereby afforded all members of the Industry, and such budget appearing to be reasonable and necessary to support the authorized activities of the Code Authority, and such basis of contribution appearing to be equitable,

NOW, THEREFORE, pursuant to the authority vested in me, it is hereby ordered that, subject to any pertinent rules and regulations issued by the Administrator,

(a) Said budget, the original of which, as approved, is on file with the National Recovery Administration, be, and it is hereby approved.

(b) The following basis of contribution by members of the Industry, authorized by Article VI, Section 7(f) of such Code be one third (1/3) of one percent (1/3) of dollar sales volume, be, and it is hereby approved.

This Order shall become effective fourteen (14) days after the date hereof unless good cause to the contrary is shown and objections filed with me by that time and further orders are issued thereon by me.

HUGH S. JOHNSON
Administrator for Industrial Recovery

(Signed) By Sol. A. Rosenblatt
Division Administrator

Approval Recommended: by William P. Farnsworth

(Signed) Earl Dean Howard
Deputy Administrator

May 28, 1934.

CODE AUTHORITY LADIES' HANDBAG INDUSTRY

BASIS OF ASSESSMENT FOR FISCAL YEAR MARCH 26, 1934 TO MARCH 26, 1935.

The Basis of assessment for the authorized expenses of the Code

Authority in this Industry shall be one-third (1/3) of one (1) per cent of the dollar sales volume. The estimated total yearly dollar sales volume in this Industry is $50,000,000.00. One-third (1/3) of one (1) per cent of this amount is $166,666.00. It will be noted that this budget calls for a total expenditure of $140,000.00 for the first fiscal year. Attention is called to the fact that the budget is estimated on a basis of ninety (90) per cent compliance, whereas the assessments are figured on a basis of one hundred (100) per cent compliance. Further leeway is left to guard against possible inaccuracies in the estimated sales volume, etc. Should the actual income of the Code Authority on the above basis exceed the authorized expenditures, any and all such excess funds will be refunded proportionately to the members of the Industry at the end of each month.

CODE AUTHORITY LADIES' HANDBAG INDUSTRY

BUDGET FOR FISCAL YEAR MARCH 26, 1934 TO MARCH 26, 1935

		100% Compliance	90% Compliance	
ESTIMATED GROSS INCOME (ASSESSMENT 1/3 1% TOTAL SALES VOLUME)		166,666.	149,999.	149,999
COST OF LABEL SALES				
Class A	25,000,000 Labels @ $.42 per M.	10,500.	9,450.	
Class B	25,000,000 Labels @ $.55 per M.	13,750.	12,375.	
Class C	8,000,000 Labels @ $.55 per M.	4,400.	3,960.	
Class D	7,000,000 Labels @ $1.25 per M.	8,750.	7,875.	
Class E	1,000,000 Labels @ $3.00 per M.	3,000.	2,700.	
Class F	500,000 Labels @ $4.00 per M.	2,000.	1,800.	
Total Cost of Label Sales	66,500,000	42,400.	38,160.	
OVERHEAD EXPENSES				
Planning and Progress Division:				
Director at $200.00 per week		10,400		
Compliance Division:				
Director at $200.00 per week	10,400.00			
Secretary at$ 30.00 per week	1,560.00			
Investigators-6 at $40.00 per week	12,480.00			
Supervisor at $50.00 per week	2,600.00			
Retail Shopper at $25.00 per week	1,300.00			
Clerk at $25.00 per week	1,300.00			
Traveling Expenses	10,000.00			
Total Compliance Division		39,640		
Label Division Expenses:				
Record Clerk at $25.00 per week	1,300.00			
Label Vault Clerk at $18.00 per week	940.00			
Packing Materials	500.00			
Total Label Division Expenses		2,740		
Forwarded		52,780.		
Total Cost of Label Sales - Forwarded			38,160	
Total Gross Income - Forwarded				149,999.

CODE AUTHORITY LADIES' HANDBAG INDUSTRY

BUDGET FOR FISCAL YEAR MARCH 26, 1934 TO MARCH 26, 1935

continued

Brought Forward - Total Gross Income		149,999.
Brought Forward - Total Cost of Label Sales	38,160.	
OVERHEAD EXPENSES - CONT'D	52,780.	
Administrative and General Expenses:		
Executive Secretary and Office Manager	5,000.	
Bookkeeper at $30.00 per week	1,560	
Stenographers -1 at $25.00 per week, 1 at $20.00 per week	2,340.	
Switchboard Operator and Stenographer, 1 at $18.00 per week	940.	
Temporary Clerks - 2 for 2 months	350.	
Rent, Light and Heat	3,000.	
Stationery and Printing	2,500.	
Postage	2,500.	
Advertising	2,000.	
Telephone and Telegraph	1,500.	
Auditing Fees	900.	
Code System Installation	1,000.	
Uniform Cost System Installation	500.	
Insurance	100.	
Subscriptions	50.	
Conferences	1,000.	
Purchase of Furniture and Fixtures	1,500.	
General Expense	2,500.	
Contributions to Trade Associations for Code Authority Work	15,000.	
Contingency Fund	5,000.	
Total Administrative and General Expenses	49,240.	
Total Overhead Expenses	102,020	
Cost of Labels and Total Overhead Expenses		140,180.
Excess of Income over Expenses		9,819.

EXHIBIT "A"

ALLOCATION OF EXPENSES BETWEEN DIVISION OF

PLANNING AND PROGRESS AND DIVISION OF COMPLIANCE

		DIVISION OF PLANNING AND PROGRESS	DIVISION OF COMPLIANCE
Two Directors -	$20,800.00	$10,400.00	$10,400.00
One Secretary -	1,560.00	780.00	780.00
Six Investigators -	12,480.00	4,160.00	8,320.00
One Supervisor -	2,600.00		2,600.00
One Retail Shopper -	1,300.00		1,300.00
One Clerk -	1,300.00		1,300.00
Traveling Expenses -	10,000.00	3,300.00	6,700.00
Label Record Clerk -	1,300.00		1,300.00
Label Vault Clerk -	940.00		940.00
Packing Materials -	500.00		500.00
*Bookkeeper -	1,040.00		1,040.00
Cost of Labels -	38,160.00		38,160.00
One Executive Secretary -	5,000.00	2,500.00	2,500.00
**Bookkeeper -	520.00	260.00	260.00
Two Stenographers -	2,340.00	1,040.00	1,300.00
One Switchboard Operator -	940.00	470.00	470.00
Two Temporary Clerks -	350.00	175.00	175.00
Stationery, Printing -	2,500.00	1,500.00	1,000.00
Rent, Lights and Heat -	3,000.00	1,500.00	1,500.00
Postage -	2,500.00	1,250.00	1,250.00
Advertising -	2,000.00	2,000.00	
Telephone and Telegraph	1,500.00	750.00	750.00
Auditing Fees -	900.00		900.00
Code System Installation -	1,000.00	1,000.00	
Uniform Cost System Installation -	500.00	500.00	
Insurance -	100.00	50.00	50.00
Subscriptions -	50.00	50.00	
	$115,180.00	$31,685.00	$94,295.00

EXHIBIT "A"

ALLOCATION OF EXPENSES BETWEEN DIVISION OF

PLANNING AND PROGRESS AND DIVISION OF COMPLIANCE

		DIVISION OF PLANNING AND PROGRESS	DIVISION OF COMPLIANCE
Balance Brought Forward	$115,180.00	$31,685.00	$94,295.00
Conferences -	1,000.00	1,000.00	
Furniture and Fixtures -	1,500.00	750.00	750.00
General Expenses -	2,500.00	1,250.00	1,250.00
Contributions to Trade Associations for Code Authority Work -	15,000.00	7,500.00	7,500.00
Contingency Fund -	5,000.00	2,500.00	2,500.00
TOTALS:	$140,180.00	$44,685.00	$95,495.00

*Two-thirds of bookkeeper's time allocated to expenses of Label Division.

**Only one-third of bookkeeper's time allocated to work of Planning and Progress Division and Compliance Division.

EXHIBIT "A"

ESTIMATED COSTS OF ADMINISTRATION OF

MANDATORY PROVISIONS OF THE CODE

It is extremely difficult, not to say impossible, to allocate the expenses of the Code Authority as to the mandatory provisions of the Code. So far as that is concerned, all the provisions of the Code are mandatory. Pursuant, however, to requests an attempt will be made in a general manner to indicate the allocation of the expenses of the administration as to the different portions of the Code.

As will be noted from Exhibit "A" the total expenses allocated to the Compliance Division are $95,459.00. Roughly, one-half of this will be used in the enforcement of the labor provisions of the Code and one-half in the enforcement of the trade practice provisions. Attention is called to the fact that the expenses involved in the administration of Article VII - NRA Labels - are charged to Compliance Division for the primary function of the label is to assist in compliance. The expenses charged to the Planning and Progress Division will be allocated to Article VI - Administration.

NATIONAL RECOVERY ADMINISTRATION
Registry No. 236/1/01
Approved Code No. 332.
Notice of Opportunity to be Heard
Administrative Order No. 332-12 June 15, 1934

LADIES HANDBAG INDUSTRY.
Modification Proposal - Expense of Code Administration; Revise Code Authority Budget and Basis of Contribution; Exception to Exemption Contained in Administrative Order X-36.

The Ladies Handbag Industry, through the Code Authority, has submitted an application for modification of the Code of Fair Competition for such Industry by amending such Code as hereinafter set forth and as submitted in the application for modification.

The Code Authority has also made application for the approval of its Revised Budget and Basis of Contribution by members of the Industry to the expense of administering the Code for the period from March 26, 1934 to March 26, 1935, as revised pursuant to objections received by the Administrator. The total amount of said Revised Budget is $133,540.00. The Revised Basis of Contribution is one-third of one percent of the dollar sales volume.

The Code Authority has also made application for an Exception to the Exemption contained in Section III of Administrative Order X-36, dated May 26, 1934, which provides as follows:

> "Pending determinations by NRA with respect to specific Codes upon cause shown by a Code Authority or otherwise, every member of a trade or industry is hereby exempted from any obligation to contribute to the expenses of administration of any Code or Codes other than the Code for the trade or industry which embraces his principal line of business, provided that he shall submit such information and comply with such regulations with respect to such exemption as NRA may require or prescribe."

The Modification and the Revised Budget and Basis of Contribution are set forth in Schedules "A" and "B" attached hereto and made a part hereof. Additional copies of such Modification and such Revised Budget and Revised Basis of Contribution are available at the office of the National Recovery Administration, Room 4213, Department of Commerce Building, Washington, D.C.

NOTICE IS HEREBY GIVEN that any criticisms of, objections to, or suggestions concerning said Modification and/or Revised Budget and/or Revised Basis of Contribution and/or Exception, must be submitted to Deputy Administrator Dean G. Edwards, Room 4213, Department of Commerce Building, Washington, D.C., prior to Thursday, June 28, 1934, and that said Modification and/or Revised Budget and/or Revised Basis of Contribution and/or Exception may be approved in the form now submitted and/or

in such form, substance, wording and/or scope as they may be modified and/or amplified on the basis of criticisms, objections or suggestions submitted, and supporting facts received, pursuant to this Notice, or other information or consideration properly before the Administrator.

Any person submitting any such criticism, objection or suggestions must state his name, the persons or groups whom he represents, and the facts supporting his criticism, objection or suggestion. All matter submitted will be given due consideration and the Administrator will act only after consulting with such of his advisers as he may deem appropriate.

Dean G. Edwards,
Deputy Administrator.

HUGH S. JOHNSON,
Administrator for Industrial Recovery.

(N.B.: To Code Authorities and Trade and Industrial Associations and Agencies:
The above contains notice of possible action in which your members or other parties known to you may be vitally interested. You are urged to exercise every reasonable effort to cause the subject matter to be called to their attention.)

SCHEDULE "A"

PROPOSED AMENDMENT TO THE CODE OF FAIR COMPETITION FOR THE LADIES' HANDBAG INDUSTRY

The Code of Fair Competition for the Ladies' Handbag Industry is hereby amended by striking out Section 6 and 8 (f) of Article VI so that Section 7 of the Code as it now reads shall become Section 6 and Section 8 of the Code as it now reads shall become Section 7 and substituting the following for Section 8 (f):

(f) 1. It being found necessary in order to support the Administration of this Code and to maintain the standards of fair competition established hereunder and to effectuate the policy of the Act, the Code Authority is authorized:

(a) To incur such reasonable obligations as are necessary and proper for the foregoing purposes, and to meet such obligations out of funds which may be raised as hereinafter provided and which shall be held in trust for the purposes of the Code;

(b) To submit to the Administrator for his approval, subject to such notice and opportunity to be heard as he may deem necessary (1) an itemized budget of its estimated expenses

for the foregoing purposes, and (2) an equitable basis upon which the funds necessary to support such budget shall be contributed by members of the industry:

(c) After such budget and basis of contribution have been approved by the Administrator, to determine and obtain equitable contribution as above set forth by all members of the industry, and to that end, if necessary, to institute legal proceedings therefor in its own name.

2. Each member of the industry shall pay his or its equitable contribution to the expenses of the maintenance of the Code Authority, determined as hereinabove provided, and subject to rules and regulations pertaining thereto issued by the Administrator. Only members of the industry complying with the code and contributing to the expenses of its administration as hereinabove provided, shall be entitled to participate in the selection of members of the Code Authority or to receive the benifits of any of its voluntary activities or to make use of any emblem or insignia of the National Recovery Administration.

3. The Code Authority shall neither incur nor pay any obligation in excess of the amount thereof as estimated in its approved budget, except upon approval of the Administrator; and no subsequent budget shall contain any deficiency item for expenditures in excess of prior budget estimates except those which the Administrator shall have so approved."

SCHEDULE "B"

B U D G E T

Code Authority: Ladies' Handbag Industry
Address: 303 Fifth Avenue, New York, N.Y.
Budgetary Period: From March 26, 1934 to March 26, 1935 (12 Months)
Effective Date of Code: March 26, 1934.

BASIS OF ASSESSMENT FOR FISCAL YEAR MARCH 26, 1934 TO MARCH 26, 1935.

The Basis of assessment for the authorized expenses of the Code Authority in this Industry shall be one-third (1/3) of one (1) percent of the dollar sales volume. The estimated total yearly dollar sales volume in this Industry is $50,000,000.00. One-third (1/3) of one (1) percent of this amount is $166,666.00. It will be noted that this budget calls for a total expenditure of $133,540.00 for the first fiscal year. Attention is called to the fact that the budget is estimated on a basis of ninety (90) percent of the total estimated dollar sales volume to guard against possible inaccuracies in the estimate. Should the actual income of the Code Authority on the above basis exceed the authorized expenditures, and all such excess funds will be refunded proportionately to the members of the Industry at the end of each month.

Receipts:

Actual receipts for elapsed portion of budgetary period from March 26, 1934 to June 1, 1934 .....$ NONE.

Estimated Receipts for remainder of budgetary period ending March 26, 1935 .....$149,999.00

Total receipts for Entire Budgetary Period Herein Covered $149,999.00

Expenditures	Number	Actual Expenditures for Elapsed Period	Estimated Expenditures for Remainder of Period	TOTAL
A. Salaries				
Chief Executive Officer	1	$ 600.00	$ 9,800.00	$ 10,400.00
Other Executives	2	1,000.00	14,400.00	15,400.00
Code Authority Members	-	--------	---------	---------
Legal Counsel	-	--------	---------	---------
Clerical Employees	2	144.00	9,796.00	9,940.00
Other Employees	7	--------	14,300.00	14,300.00
Total Salaries		$1,744.00	$43,296.00	$50,040.00
B. Office Expense				
Rent		$130.00	$ 2,570.00	$ 2,700.00
Water & Light		------	300.00	300.00
Telephone & Telegraph		50.00	1,450.00	1,500.00
Office Equipment		500.00	1,500.00	2,000.00
Stationery and Supplies		250.00	1,250.00	1,500.00
Postage		250.00	2,250.00	2,500.00
Printing and Mimeographing		250.00	3,250.00	3,500.00
Miscellaneous expense-Office		150.00	1,350.00	1,500.00
Packing Materials			500.00	500.00
Total Office Expense		$1,580.00	$14,420.00	$16,000.00

C. General Expense

Traveling Expense			
Members of Code Authority	$ 250.00	$ 2,250.00	$ 2,500.00
Employees	500.00	9,500.00	10,000.00
Accountants' Fees	1,000.00	4,000.00	5,000.00
Insurance	------	500.00	500.00
Other Expenses			
Meeting Expenses	250.00	2,250.00	2,500.00
Contingencies	------	5,000.00	5,000.00
Trade Development and Research	------	15,000.00	15,000.00
Labels	------	25,000.00	25,000.00
Advertising	300.00	1,700.00	2,000.00
Total General Expense	$2,300.00	$65,200.00	$67,500.00
Total of all Expenditures	$5,624.00	$127,916.00	$133,540.00

Functional Recapitulation of Foregoing Expenditures

General Administrative functions	$2,600.00	$28,200.00	$30,800.00
Statistical Functions (collection of statistics, reports, etc.)	574.00	17,386.00	17,960.00
Compliance Functions	2,450.00	37,330.00	39,780.00
Other Functions			
Label Distribution	------	25,000.00	25,000.00
Trade Development & Research	------	15,000.00	15,000.00
Contingencies	------	5,000.00	5,000.00
Total Expenditures by Functions:	$5,624.00	$127,916.00	$133,540.00

General Information

Number of establishments to be assessed	approximately	500
Number of establishments in Industry	approximately	500
Annual net sales for 1933	"	$45,000,000.00
Number of employees as of December 1, 1933	"	15,000

I, Maurice S. Mossesson, Executive Secretary of the Ladies' Handbag Code Authority, hereby solemnly declare that the items contained in the foregoing budget are proper and correct, and that the proposed expenditures

and assessments were duly approved by the Code Authority at its session held in New York, N.Y., on April 26, 1934, as per certified copy of minutes attached to original budget and herein revised to conform with requirements of the National Recovery Administration.

Maurice S. Mosesson

June 9, 1934

E X H I B I T A

There are no part time employees.

E X H I B I T B

Temporary Office

Room 1605
303 Fifth Avenue
New York, N.Y.

Permanent Office
Room 1510
347 Fifth Avenue
New York, N.Y.

E X H I B I T C

A. Salaries

1 Compliance Director		$10,400.00
4 Investigators		7,840.00
1 Shopper		1,300.00
1 Stenographer		1,300.00
1 Clerk		940.00

B. Office Expenses
50% charged to compliance $ 8,000.00

C. General Expenses

Traveling Expense	$7,500.00	
Accountants' fees	$1,500.00	
		$ 9,000.00
Advertising		1,000.00
Total		$39,780.00

9811

E X H I B I T D

General Administrative Function

A. Salaries

Chief Executive Officer	$ 5,200.00	
Other Executives	5,000.00	
1 Clerk	1,300.00	
1 Bookkeeper	1,560.00	
1 Switch Board Operator	940.00	
1 Stenographer	1,300.00	
		$15,300.00

B. Office Expenses
50% charged to administration 8,000.00

C. General Expenses

Traveling Expense-Code Authority Members	$2500.00	
Employees	500.00	
Accountants' Fees	500.00	
Insurance	500.00	
Meeting expenses	2500.00	
Advertising	1000.00	
		7,500.00
		$30,800.00

E X H I B I T E

Statistical Functions

A. Salaries

Chief Executive	$5,200.00	
2 Investigator	5,160.00	
1 Stenographer	1,300.00	
1 Clerk	1,300.00	
		$12,960.00

B. General Expenses

Traveling Expense	$2,000.00	
Accountants' Fees	3,000.00	5,000.00
		$17,960.00

(N.B.: To Code Authorities and Trade and Industrial Associations and Agencies:
The above contains notice of possible action in which your members or other parties known to you may be vitally interested. You are urged to exercise every reasonable effort to cause the subject matter to be called to their attention.)

SCHEDULE "A"

ESTIMATED EXPENDITURES: Estimated Expenditures

	No. of Employees	March 26, 1935 to June 16, 1935	June 17, 1935 to Mar.25, 1936	Total March 26, 1935 to March 25, 1936
Salaries (See Exb.A)				
Executive Salaries	3	$ 5,859.00	$ 20,141.00	$ 26,000.00
Clerical Employees	11	2,217.00	7,635.00	9,852.00
Investigators	6	2,324.00	8,000.00	10,324.00
Total Salaries		$10,400.00	$ 35,776.00	$ 46,176.00
Office Expense				
Rent		$ 885.00	$ 2,655.00	$ 3,540.00
Light		15.00	60.00	75.00
Telephone & Telegraph		700.00	1,300.00	2,000.00
Office Equipment		200.00	550.00	750.00
Stationery & Supplies		500.00	1,000.00	1,500.00
Postage		1,000.00	1,500.00	2,500.00
Printing & Mimeographing		800.00	1,700.00	2,500.00
Subscriptions		40.00	60.00	100.00
Handbags Purchased		50.00	150.00	200.00
Regional Office Expense (See Exb.B)		2,000.00	3,000.00	5,000.00
Miscellaneous Expense		200.00	550.00	750.00
Total Office Expense		$ 6,390.00	$ 12,525.00	$ 18,915.00
General Expense				
Traveling Expense (See Exb.D)				
Members of Code Authority		$ 1,000.00	$ 2,000.00	$ 3,000.00
Employees		1,800.00	4,700.00	6,500.00
Accountants' Fees		800.00	1,200.00	2,000.00
Insurance		500.00	300.00	800.00
Advertising		200.00	300.00	500.00
Meeting Expense		700.00	1,300.00	2,000.00
Cost of Label Sales		3,000.00	12,000.00	15,000.00
Design Registration Bureau		750.00		750.00
Statistical Work		2,000.00	3,000.00	5,000.00
Trade Development & Research		2,000.00	3,000.00	5,000.00
Allowance for Contingencies		2,000.00	3,000.00	5,000.00
Total General Expense		$ 14,750.00	$30,800.00	$ 45,550.00
Total of All Expenditures		$ 31,540.00	$79,101.00	$110,641.00

SCHEDULE "A" cont'd.

9. FUNCTIONAL RECAPITULATION OF FOREGOING EXPENDITURES:

General Admin. Functions	$14,341.00	$33,986.00	$48,327.00
Statistical Functions	2,200.00	3,691.00	5,891.00
Compliance Functions (See Exb.E)	9,013.00	25,612.00	34,625.00
Label Functions	3,236.00	12,812.00	16,048.00
Design Registration Bureau	750.00		750.00
Trade Development & Research	2,000.00	3,000.00	5,000.00
Total Expenditures by Functions	$31,540.00	$79,101.00	$110,641.00

NATIONAL RECOVERY ADMINISTRATION

Registry No. 236/1/01
Approved Code No. 332

May 25, 1935.

Notice of Opportunity to be Heard
Administrative Order No. 332-26

LADIES' HANDBAG INDUSTRY
(Code Authority Budget and Basis of Contribution)

WHEREAS, the Code Authority for the Ladies' Handbag Industry has made application for approval of its Budget and Basis of Contribution for the period from March 26, 1935 to March 25, 1936, and

WHEREAS, the National Industrial Recovery Board, on May 24, 1935, approved Order No. 332-25, approving the Budget and Basis of Contribution for the Ladies' Handbag Industry and,

WHEREAS, Order No. 332-25, copies of which are available upon request at the office of the National Recovery Administration, Room 5071, Department of Commerce Building, Washington, D.C., states in part that

"(c) The following basis of contribution by members of the Industry, authorized by Article VI, Section 8 (f), of said Code, as amended, for the period from March 26, 1935 to June 16, 1935; ¼ of 1% of the gross sales of each member of the Industry, payable monthly, based on his current monthly sales during the budgetary period, be and it is hereby approved;

PROVIDED, HOWEVER, that members of the Industry shall purchase labels to be used on articles manufactured and/or sold at the rate of two dollars and a half ($2.50) per thousand for the period from March 26, 1935 to June 16, 1935, and that the charges paid shall be considered as a deposit by members of the Industry to be credited at the end of each month during the budgetary period against contributions due from said members of the Industry for said budgetary period, calculated on the basis of contribution set forth and approved in paragraph (c) hereof;

"(d) The following basis of contribution by members of the Industry, authorized by Article VI, Section 8 (f), of said Code, as amended, for the period from June 17, 1935 to March 25, 1936; ¼ of 1% of the gross sales of each member of the Industry, payable monthly, based on his current monthly sales during the budgetary period, be and it is hereby approved upon the condition that said Code is extended by operation of law, or otherwise, to include said period, and upon the further condition that the Code Authority shall levy no assessments for the period after June 16, 1935, until the National Industrial Recovery Board, by its further order, shall remove this further condition of approval of said basis of contribution;

PROVIDED, HOWEVER, that members of the Industry shall purchase labels to be used on articles manufactured and/or sold at the rate of two dollars and a half ($2.50) per thousand for the period from June 17, 1935 to March 25, 1936, and that the charges paid shall be considered as a deposit by members of the Industry to be credited at the end of each month during the budgetary period against contributions due from said members of the Industry for said budgetary period, calculated on the basis of contribution set forth and approved in paragraph (c) hereof;

NOTICE IS HEREBY GIVEN that any criticism of, objections to or suggestions concerning said Order No. 332-25, must be submitted to Deputy Administrator Walter Mangum, Room 3071, Department of Commerce Building, Washington, D.C., prior to Monday, June 10, 1935, and that said label charges may become effective in their present form, substance, wording and/or scope as they may be revised on the basis of criticisms, objections or suggestions submitted and supporting facts received pursuant to this notice, or other considerations properly before the National Industrial Recovery Board.

Any person submitting any such criticism, objection or suggestion must state his name, the persons or groups whom he represents, and the facts supporting his objection, criticism, or suggestion. All matter submitted will be given due consideration and the National Industrial Recovery Board will act after consulting with such of its advisers as it may deem appropriate.

National Industrial Recovery Board,

Walter Mangum,
Deputy Administrator.

By: W. A. Harriman,
Administrative Officer.

(N.B.: To Code Authorities and Trade Industrial and Associations and Agencies:
The above contains notice of possible action in which your members or parties known to you may be vitally interested. You are urged to exercise every reasonable effort to cause the subject matter to be called to their attention.)

NATIONAL RECOVERY ADMINISTRATION

Registry No. 236/1/01 6123-A
Approved Code No. 332

Supplementary Notice of Hearing: No. 367-D.

June 28, 1934.

LADIES HANDBAG INDUSTRY

WHEREAS, Section 10 of Article 5 of the Code of Fair Competition for the Ladies Handbag Industry provides in part that the Code Authority shall "study and investigate the problem of homework in this Industry, and shall made to the Administrator recommendations for the effective and appropriate control of such homework as is herein permitted"; and

WHEREAS, the Code Authority has made to the Administrator certain recommendations for the effective and appropriate control of such homework as is permitted by the Code, such recommendations are incorporated in Schedule "A", as attached, and hereby made a part hereof, and

WHEREAS, the Administrator deems a Hearing necessary and proper to determine the matters hereinabove referred to and to make any modifications, amendments, or additions necessary in accordance with the provisions hereinabove set forth.

NOTICE IS HEREBY GIVEN that a Public Hearing will be conducted by the Administrator, beginning at 10:00 A.M., Monday, July 9, 1934, in the Rose Room, Washington Hotel, Washington, D.C., and continuing until completed. An opportunity to be heard (either in person or by duly appointed representative either by appearance or by sending a written or telegraphic statement) will be given to persons or groups who can show a substantial interest as workers, employers, consumers, or otherwise, in the effect of this question.

Those wishing to be heard must comply with the following simple requirements:

(1) A written or telegraphic request for an opportunity to be heard must be filed before noon on Saturday, July 7, 1934, with the Administrator, Room 4215, Department of Commerce Building, Washington, D.C.

(2) Such request shall state the name of (a) any person seeking to testify in the Hearing, and (b) the persons or groups whom he represents.

(3) At the Public Hearings, all persons are regarded as witnesses, and shall present orally facts only and not argument. Written briefs or arguments may be filed, but oral presentations will be confined to factual statements only.

(4) In the discretion of the Deputy Administrator in charge of the Hearing, persons who have not complied with the requirements of paragraph (1), above, may be permitted at any time prior to the close of the Hearing to file written statements containing proposals relative to the matters heard therein supported by pertinent information or argument. Such written statements must be condensed as much as possible.

Public Hearings are solely for the purpose of obtaining in the most direct manner the facts useful to the Administrator, and no arguments will be heard or considered at this time. Representation of interested parties by attorneys or specialists is permissible, but it is not to be regarded as necessary. Industry, workers, and the consuming public will be represented by special advisers employed by the Government.

Dean G. Edwards,
Deputy Administrator.

HUGH S. JOHNSON,
Administrator.

(N.B.: To Code Authorities and Trade and Industrial Associations and Agencies;
The above contains notice of possible action in which your members or other parties known to you may be vitally interested. You are urged to exercise every reasonable effort to cause the subject matter to be called to their attention.)

Schedule "A"

PROPOSED AMENDMENTS

TO THE

CODE OF FAIR COMPETITION

FOR THE

LADIES HANDBAG INDUSTRY

The Code of Fair Competition for the Ladies' Handbag Industry is hereby amended by adding the following as a new Article IV, Section 8 of said Code:

"The Code Authority shall create a Homework Commission which shall establish minimum piece work rates for hand beading, hand crocheting, and hand embroidery, and no member of the Industry shall compensate home-workers at less than the piece work rates established by said Commission. Said Commission shall establish piece work rates which shall be equivalent to a minimum hourly rate of twenty-five cents (25¢) for workers continuously engaged. Said Commission shall be supported by members of the Industry engaged in the manufacture of handbags by means of hand beading, hand crocheting, and hand embroidery, and such members of the Industry shall contribute to the support of said Commission by a method of assessment to be approved by the Administrator".

NATIONAL RECOVERY ADMINISTRATION 1998-A

Registry No. 236/1/01

Notice of Hearing: No.367.

November 28, 1933.

THE LADIES HANDBAG INDUSTRY

The above industry as represented by the Associated Handbag Industries of America, Inc., Midwest Handbag and Small Leather Wares Association, Inc., and the Industrial Council of the Ladies Handbag Industry, claiming to represent jointly approximately 75 per cent of the volume of the industry, has submitted a proposed Basic Code of Fair Competition, copies of which are available at the office of the National Recovery Administration, Room 3316, Department of Commerce, Washington, D. C.

The Code for the Ladies Handbag Industry in its present form merely reflects the proposal of the above mentioned industry, and none of the provisions contained therein is to be regarded as having received the approval of the National Recovery Administration as applying to this industry.

NOTICE IS HEREBY GIVEN that a Public Hearing on this Code will be conducted by the Administrator, beginning at 10 A. M., Friday, December 8, 1933, in the Banquet Room, Carlton Hotel, Washington, D. C., and continuing until completed. An opportunity to be heard (either in person or by duly appointed representatives either by appearance or by sending a written or telegraphic statement) will be given to persons or groups who can show a substantial interest as workers, employers, consumers or otherwise, in the effect of any provision of the proposed Code.

Those wishing to be heard must comply with the following simple requirements:

(1) A written or telegraphic request for an opportunity to be heard must be filed before noon Thursday, December 7, 1933, with the Division Administrator, Room 4830, Department of Commerce, Washington, D. C.

(2) Such request shall state the name of (a) any person seeking to testify in the hearing, and (b) the persons or groups whom he represents.

(3) Such request shall contain a statement setting forth without argument, a proposal: (1) for the elimination of specific provisions of the Code; or (2) a modification of a specific provision, in language proposed by the witness, or (3) a provision to be added to the Code, in language proposed by the witness.

(4) At the Public Hearings, all persons are regarded as witnesses, and shall present orally facts only and not argument. Written briefs or arguments may be filed, but oral presentations will be confined to factual statements only.

(5) In the discretion of the Deputy Administrator in charge of the Hearing, persons who have not complied with the requirements of paragraph (1), above, may be permitted at any time prior to the close of the Hearing to file written statements containing proposals for eliminations from, modifications of, or additions to the Code supported by pertinent information or argument. Such written statements must be condensed as much as possible.

Public Hearings are solely for the purpose of obtaining in the most direct manner the facts useful to the Administrator, and no arguments will be heard or considered at this time. Representation of interested parties by attorneys or specialists is permissible, but it is not to be regarded as necessary. Industry, workers, and the consuming public will be represented by special advisors employed by the Government.

HUGH S. JOHNSON,
Administrator.

A. D. Whiteside,
Division Administrator.

NATIONAL RECOVERY ADMINISTRATION

Registry No. 236/1/01. 4487-A
Approved Code No. 332

Notice of Hearing: No. 367-A April 18, 1934.

LADIES HANDBAG INDUSTRY
(Application for Exception)

A. Hudson Leather Goods, Inc., 85 So. Broadway, Nyac, New York.
B. Strand Leather Goods Co., Inc., 38 West 32nd Street, New York, N.Y.
C. The Pat Bags, Inc., 310 So. Meadow Street, Richmond, Va.
D. Paragon Novelty Bag Co., Inc.; Uneeda Belt Co., Inc.; Newburg Hand Bag Co., Inc.; Licht & Kaplan, Inc. All of Newburgh, N.Y.
E. G. R. Godfrey Company, Gardner, Mass.

The above companies, now operating under the Code of Fair Competition for the Ladies Handbag Industry, have submitted an application for exemption from: (A) Article III--Hours--Sections 1 and 2: (B) to employ learners pursuant to Article IV--Wages--Section 3: (C) modification of Article IV--Wages--Sections 1, 2, 3, and 4, (D) Article IV--Section 1 and 3, (E) Article III--Hours--Section 1, Article IV--Wages--Sections 1 and 6 of said Code, respectively.

The herein above mentioned Articles of the Code of Fair Competition for the Ladies Handbag Industry are as set forth in Schedule "A" attached hereto and hereby made a part hereof.

NOTICE IS HEREBY GIVEN that a Public Hearing on these exemptions will be conducted by the Administrator, beginning at 10:00 A.M., Monday, May 7, 1934, in Room 2062, Commerce Building, Washington, D.C., and continuing until completed. An opportunity to be heard (either in person or by duly appointed representative either by appearance or by sending a written or telegraphic statement) will be given to persons or groups who can show a substantial interest as workers, employers, consumers or otherwise, in the effect of this question.

Those wishing to be heard must comply with the following simple requirements:

(1) A written or telegraphic request for an opportunity to be heard must be filed before noon on Saturday, May 5, 1934, with the Administrator, Room 4227, Department of Commerce Building, Washington, D. C.

(2) Such request shall state the name of (a) any persons seeking to testify in the hearing, and (b) the persons or groups whom he represents.

(3) At the Public Hearings, all persons are regarded as witnesses, and shall present orally facts only and not argument. Written briefs or arguments may be filed, but oral presentations will be confined to factual statements only.

(4) In the discretion of the Deputy Administrator in charge of the Hearing, persons who have not complied with the requirements of paragraph (1), above, may be permitted at any time prior to the close of the Hearing to file written statements containing proposals relative to the matters heard therein supported by pertinent information or argument. Such written

statements must be condensed as much as possible.

Public Hearings are solely for the purpose of obtaining in the most direct manner the facts useful to the Administrator, and no arguments will be heard or considered at this time. Representation of interested parties by attorneys or specialists is permissible, but it is not to be regarded as necessary. Industry, workers, and the consuming public will be represented by special advisors employed by the Government.

Sol A. Rosenblatt,
Division Administrator.

4301

HUGH S. JOHNSON,
Administrator.

4487-B

SCHEDULE "A"

Code of Fair Competition for the Ladies Handbag Industry

A. Article III - Hours

Section 1.

Except as hereinafter provided, no employee shall be permitted to work in excess of forty (40) hours in any one week, nor in excess of eight (8) hours in any twenty-four (24) hour period.

Section 2.

No person employed in shipping, clerical, or office work, unless he is employed in a managerial or executive capacity and earns not less than thirty-five dollars ($35.00) per week, shall be permitted to work in excess of forty (40) hours per week averaged over and one (1) month period.

B. Article IV - Wages

Section 3.

The Administrator may, under exceptional circumstances, and upon such conditions as he may prescribe, permit a member of the industry to employ learners at rates below the minimum wage herein established.

C. Article IV - Wages

Section 1.

Except as hereinafter provided, no employee shall be paid at less than the rate of thirty-five (35¢) per hour.

Section 2.

No semi-skilled employee engaged in cutting, framing, paring, pocketbook making and/or operating (except lining operating, cementing and/or pasting) employed in the manufacture of any of the products covered by the provisions of this Code, made of any meterials other than imitation leather, shall be paid at less than the rate of forty-five (45¢) per hour.

Section 3.

The Administrator may, under exceptional circumstances, and upon such conditions as he may prescribe, permit a member of the industry to employ learners at rates below the minimum wage herein established.

Section 4.

This Article establishes a minimum rate of pay which shall apply irrespective of whether an employee is compensated on a piece rate, time rate or other basis.

D. Article IV - Wages

Section 1.

Except as hereinafter provided, no employee shall be paid at less than the rate of thirty-five cents (35¢) per hour.

Section 3.

The Administrator may, under exceptional circumstances, and upon such conditions as he may prescribe, permit a member of the industry to employ learners at rates below the minimum wage herein established.

E. Article III - Hours

Section 1

Except as hereinafter provided, no employee shall be permitted to work in excess of forty (40) hours in any one week, no in excess of eight (8) hours in any twenty-four (24) hour period.

Article IV - Wages

Section 1.

Except as hereinafter provided, no employee shall be paid at less than the rate of thirty-five cents (35¢) per hour.

Section 6.

The Administrator may, upon recommendation by the Code Authority and after full study and investigation by the Code Authority, and after such notice and hearing as he shall prescribe, establish, as a part of this Code, such basic rates for the more skilled classes of employees as may be necessary to further effectuate the purposes of the Act.

NATIONAL RECOVERY ADMINISTRATION

Registry No. 233/1/01. 5113-A
Approved Code No. 352. Notice of Hearing: No. 367-B
May 16, 1934.

LADIES HAND BAG INDUSTRY

WHEREAS, Section 1 of the Order of March 14, 1934, approving the Code of Fair Competition for the Ladies Hand Bag Industry, provides that Section 2 of Article IV of the Code be stayed "until the Code Authority shall present to the Administrator a definition of the term 'semi-skilled employee', as used in said Article and Section of the Code."; and

WHEREAS, Section 4 of Article VI of the Code provides in order that the Code Authority shall, at all times be truly representative of the Industry and in other respects comply with the provisions of the Act, the Administrator may provide such Hearings as he may deem proper, and may require an appropriate modification in the method of selection of the Code Authority;

WHEREAS, the Administrator has found it necessary to determine said issues:

NOTICE IS HEREBY GIVEN that a Public Hearing will be conducted by the Administrator, beginning at 10:00 A.M., Thursday, June 7, 1934, in the Cabinet Room, Willard Hotel, Washington, D. C., and continuing until completed. An opportunity to be heard (either in person or by duly appointed representative either by appearance or by sending a written or telegraphic statement) will be given to persons or groups who can show a substantial interest as workers, employers, consumers or otherwise, in the effect of this question.

Those wishing to be heard must comply with the following simple requirements:

(1) A written or telegraphic request for an opportunity to be heard must be filed before noon on Wednesday, June 6, 1934, with the Administrator, Room 4215, Department of Commerce Building, Washington, D. C.
(2) Such request shall state the name of (a) any person seeking to testify in the hearing, and (b) the persons or groups whom he represents.
(3) At the Public Hearings, all persons are regarded as witnesses, and shall present orally facts only and not argument. Written briefs or arguments may be filed, but oral presentations will be confined to factual statements only.
(4) In the discretion of the Deputy Administrator in charge of the Hearing, persons who have not complied with the requirements of paragraph (1), above, may be permitted at any time prior to the close of the Hearing to file written statements containing proposals relative to the matters heard therein supported by pertinent information or argument. Such written statements must be condensed as much as possible.

Public Hearings are solely for the purpose of obtaining in the most direct manner the facts useful to the Administrator, and no arguments will

be heard or considered at this time. Representation of interested parties by attorneys or specialists is permissible, but it is not to be regarded as necessary. Industry, workers, and the consuming public will be represented by special advisors employed by the Government.

Earl Dean Howard,
Deputy Administrator.

HUGH S. JOHNSON,
Administrator.

(N.B.: To Code Authorities and Trade and Industrial Associations and Agencies:
The above contains notice of possible action in which your members or other parties known to you may be vitally interested. You are urged to exercise every reasonable effort to cause the subject matter to be called to their attention.)

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NATIONAL RECOVERY ADMINISTRATION

Notice of Hearing: No. 367-C

Registry No. 236/1/01
Approved Code No. 332.

June 23, 1934.

LADIES HAND BAG INDUSTRY.

WHEREAS, Section 1 of the Order of March 14, 1934, approving the Code of Fair Competition for the Ladies Hand Bag Industry, provides: "That Section 2 of Article IV be stayed until such time as the Code Authority shall present to the Administrator a definition of the term 'semi-skilled employee', which receives the approval of the Administrator"; and

WHEREAS, A special committee appointed from the Industry and from Labor at the Public Hearing held June 8, 1934 to report a definition of the term "semi-skilled employee", has submitted two reports as noted in Appendix A, attached hereto; and

WHEREAS, Section 4 of Article VI of the Code provides: "In order that the Code Authority shall at all times be truly representative of the industry and in other respects comply with the provisions of the Act, the Administrator may provide such hearings as he may deem proper, and may require an appropriate modification in the method of selection of the Code Authority"; and

WHEREAS, Section 6 of Article IV provides: "The Administrator may, upon recommendation by the Code Authority and after full study and investigation by the Code Authority, and after such notice and hearing as he shall prescribe, establish, as a part of this Code, such basic rates for the more skilled classes of employees as may be necessary to further effectuate the purposes of the Act"; and

WHEREAS, The petitions of the International Pocketbook Workers' Union and a group of 68 members of the Industry state that the Code Authority refuses to make any recommendations thereon; and

WHEREAS, the Administrator deems a hearing necessary and proper to determine the matters hereinabove referred to, and to make any modifications, amendments or additions necessary in accordance with the provisions hereinabove set forth. And, in schedule attached, as noted in Appendix A.

NOTICE IS HEREBY GIVEN that a Public Hearing will be conducted by the Administrator, beginning at 10:00 A.M., Monday, July 9, 1934, in the Rose Room, Washington Hotel, Washington, D. C., and continuing until completed. An opportunity to be heard (either in person or by duly appointed representative either by appearance or by sending a written or telegraphic statement) will be given to persons or groups who can show a substantial interest as workers, employers, consumers, or otherwise, in the effect of this question.

Those wishing to be heard must comply with the following simple requirements:

(1) A written or telegraphic request for an opportunity to be heard must be filed before noon on Saturday, July 7, 1934, with the Administrator, Room 4215, Department of Commerce Building, Washington, D.C.

(2) Such request shall state the name of (a) any person seeking to testify in the Hearing, and (b) the persons or groups whom he represents.

(3) At the Public Hearings, all persons are regarded as witnesses, and shall present orally facts only and not argument. Written briefs or arguments may be filed, but oral presentations will be confined to factual statements only.

(4) In the discretion of the Deputy Administrator in charge of the Hearing, persons who have not complied with the requirements of paragraph (1), above, may be permitted at any time prior to the close of the Hearing to file written statements containing proposals relative to the matters heard therein supported by pertinent information or argument. Such written statements must be condensed as much as possible.

Public Hearings are solely for the purpose of obtaining in the most direct manner the facts useful to the Administrator, and no arguments will be heard or considered at this time. Representation of interested parties by attorneys or specialists is permissible, but it is not to be regarded as necessary. Industry, workers and the consuming public will be represented by special advisers employed by the Government.

Dean G. Edwards.
Deputy Administrator

HUGH S. JOHNSON
Administrator

N. B.: To Code Authorities and Trade and Industrial Associations and Agencies:

The above contains notice of possible action in which your members or other parties known to you may be vitally interested. You are urged to exercise every reasonable effort to cause the subject matter to be called to their attention.)

SCHEDULE "A"

DEFINITIONS OF SEMI-SKILLED WORKERS AGREED UPON BY BOTH INDUSTRY REPRESENTATIVES OF THE COMMISSION APPOINTED TO DEFINE SEMI-SKILLED WORKER

***

DEFINITION OF SEMI-SKILLED IN CUTTING

All cutting operations are to be considered semi-skilled, excepting cutting paper, wadding or rubber or lining cloth, and excepting handles, handle linings, puller, puller linings, gussets and small trimmings that are cut by clickers.

***

DEFINITION OF OPERATING

All operating is to be considered semi-skilled, excepting linings, handles and pullers, sewing and sewing on of handles and pullers, and sewing in linings into the bags for frame purposes.

***

DEFINITION OF SEMI-SKILLED IN POCKETBOOK MAKING

All workers engaged in pocketbook making by hand, are considered semi-skilled, except turning in handles, tucks, loops or gussets, or hanging on flaps, also excepting all table work on linings.

***

DEFINITION OF SEMI-SKILLED IN FRAMING

All framing shall be considered semi-skilled excepting all purses and frame pockets.

***

DEFINITION OF SEMI-SKILLED IN PARING

All workers who do paring on paring machines who are capable of making the necessary changes of gouge, knife and emery wheel on a paring machine shall be considered semi-skilled excepting those who pare handles, tucks and gussets.

***

The Committee agrees that no person shall be considered semi-skilled on any of the above operations unless he has been employed on any operation for a period of six months.

STATEMENT OF LABOR ON THE SEMI-SKILLED WORKERS OF THE POCKETBOOK INDUSTRY

The undersigned, after having met in conference with the representative of the employers to classify and define the semi-skilled workers in the industry, have given due consideration to the subject matter before them. Our conclusions, based on many years in the industry, are as follows:

Definition of Cutting

All cutting operations are skilled and semi-skilled operations. Four outstanding manufacturers of the industry have agreed in a previous discussion on the very same subject to the following:

"All cutting operations, excepting paper, wadding and rubber cloth cutting, are to be considered semi-skilled."

The following committee members have signed their names to this definition: I. Schoenholtz, Chas. Wolf, S. Maksik and A. Greenbaum.

We dispute the exceptions to paper wadding and rubber cloth cutting, and ask that they be included as skilled and semi-skilled operations.

Definition of Operating

All operating on outside work, linings, handles, pullers, etc., must be considered skilled or semi-skilled operations.

The four above mentioned employers have gone on record with the Code Authority for the Ladies' Handbag Industry on the question of defining the semi-skilled operations in the operating brach of the trade as follows:

"All outside operating shall be considered semi-skilled except handles."

The undersigned, representatives of labor, cannot make it too emphatic that operators on handles have always been considered in the New York market on an equal par with all other operators, because operating on handles requires skill, ability, knowledge and experience. The handle is one of the most important parts of the entire bag. Women will first detect defective operating on handles. We ask that operators on handles be treated on an equal par with all other operators.

The same must be said about lining operators.

Definition of Semi-Skilled on Framing

Our definition for labor as far as framing is concerned is as follows:

All framing shall be considered skilled and semi-skilled.

A committee or representative manufacturers consisting of I. Schoenholtz, Chas. Wolf, S. Maksik and A. Greenbaum, on a previous occasion defined framing as follows:

"All framing shall be considered semi-skilled excepting <u>all purses not all purses not attached to frames.</u>

Definition of Semi-Skilled Operations in Pocketbookmaking

Our definition for labor on semi-skilled operations in pocketbook making is: All workers engaged in pocketbook making are to be considered skilled and semi-skilled.

The above mentioned four employers have defined semi-skilled operations in the pocketbook making branch of the trade as follows:

"All employees engaged in pocketbook making are to be considered semi-skilled, except turning in handles, tucks or loops, and all table work on linings."

We know from our own experience, and the employers in the City of New York have always conceded that turning in handles, tucks, or loops, also table work on linings, are skilled operations which for years have been performed by skilled pocketbook makers and classified helpers (classified helpers have always received and are receiving today a minimum wage of no less than $23.31 per week).

Definition on Paring

Our definition for labor on the paring branch of the industry is as follows: All employees engaged in paring, skiving, splitting or edging, are skilled, or to say the least, semi-skilled operations.

Messrs. I. Schoenholtz, Chas. Wolf, S. Maksik and A. Greenbaum, four of the outstanding manufacturers of our industry have actually agreed to this definition. We quote from the report submitted by Mr. I. Schoenholtz, chairman of the committee, to the Code Authority of the Ladies' Handbag Industry, to wit:

"All employees engaged in paring (meaning sometimes skiving) shall be considered semi-skilled."

The undersigned labor representatives of the committee are at a loss to understand why the two representatives, Messrs. Goldsmith and A. Greenbaum, particularly the latter, should have gone back on the definition of the previous committee of four employers, of which Mr. A. Greenbaum was a member, and attested his name to the definitions of the previous report. The committee of labor on previous occasion was not satisfied with the definition of said committee of four employers which constituted the majority opinion of the employers of the industry, and we demand that justice be done to the skilled workers of the industry who, because of circumstances, have been nicknamed semi-skilled workers for the sole purpose of maintaining sub-standard conditions in many shops of the industry, and for the further purpose of perpetuating unfair labor competition in the trade.

We know from our own experience as workers of the industry for over twenty years, that a cutter, operator, pocketbook maker, framer, parer, etc., after having had experience of thirty days to two months, considering the present modernized and efficient methods of production, is entitled to be classified at least as a semi-skilled worker and justified to the minimum scale of 45¢ per hour provided for in the Code of Fair Competition for the Ladies Handbag Industry.

(Signed) A. Stein

(Signed) Philip Lubbner

Representatives of Labor on the Committee to define the Semi-Skilled Provision of the Ladies' Handbag Industry.

NOTICE OF HEARING 367-D IS OUT OF STOCK

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I N D E X

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OFFICE OF THE NATIONAL RECOVERY ADMINISTRATION
THE DIVISION OF REVIEW

THE WORK OF THE DIVISION OF REVIEW

Executive Order No. 7075, dated June 15, 1935, established the Division of Review of the National Recovery Administration. The pertinent part of the Executive Order reads thus:

> The Division of Review shall assemble, analyze, and report upon the statistical information and records of experience of the operations of the various trades and industries heretofore subject to codes of fair competition, shall study the effects of such codes upon trade, industrial and labor conditions in general, and other related matters, shall make available for the protection and promotion of the public interest an adequate review of the effects of the Administration of Title I of the National Industrial Recovery Act, and the principles and policies put into effect thereunder, and shall otherwise aid the President in carrying out his functions under the said Title. I hereby appoint Leon C. Marshall, Director of the Division of Review.

The study sections set up in the Division of Review covered these areas: industry studies, foreign trade studies, labor studies, trade practice studies, statistical studies, legal studies, administration studies, miscellaneous studies, and the writing of code histories. The materials which were produced by these sections are indicated below.

Except for the Code Histories, all items mentioned below are scheduled to be in mimeographed form by April 1, 1936.

THE CODE HISTORIES

The Code Histories are documented accounts of the formation and administration of the codes. They contain the definition of the industry and the principal products thereof; the classes of members in the industry; the history of code formation including an account of the sponsoring organizations, the conferences, negotiations and hearings which were held, and the activities in connection with obtaining approval of the code; the history of the administration of the code, covering the organization and operation of the code authority. the difficulties encountered in administration, the extent of compliance or non-compliance, and the general success or lack of success of the code; and an analysis of the operation of code provisions dealing with wages, hours, trade practices, and other provisions. These and other matters are canvassed not only in terms of the materials to be found in the files, but also in terms of the experiences of the deputies and others concerned with code formation and administration.

The Code Histories, (including histories of certain NRA units or agencies) are not mimeographed. They are to be turned over to the Department of Commerce in typewritten form. All told, approximately eight hundred and fifty (850) histories will be completed. This number includes all of the approved codes and some of the unapproved codes. (In Work Materials No. 18, Contents of Code Histries, will be found the outline which governed the preparation of Code Histories.)

(In the case of all approved codes and also in the case of some codes not carried to final approval, there are in NRA files further materials on industries. Particularly worthy of mention are the Volumes I, II and III which constitute the material officially submitted to the President in support of the recommendation for approval of each code. These volumes

set forth the origination of the code, the sponsoring group, the evidence advanced to support the proposal, the report of the Division of Research and Planning on the industry, the recommendations of the various Advisory Boards, certain types of official correspondence, the transcript of the formal hearing, and other pertinent matter. There is also much official information relating to amendments, interpretations, exemptions, and other rulings. The materials mentioned in this paragraph were of course not a part of the work of the Division of Review.)

THE WORK MATERIALS SERIES

In the work of the Division of Review a considerable number of studies and compilations of data (other than those noted below in the Evidence Studies Series and the Statistical Material Series) have been made. These are listed below, grouped according to the character of the material. (In Work Materials No. 17, Tentative Outlines and Summaries of Studies in Process, these materials are fully described).

Industry Studies

Automobile Industry, An Economic Survey of
Bituminous Coal Industry under Free Competition and Code Regulation, Economic Survey of
Electrical Manufacturing Industry, The
Fertilizer Industry, The
Fishery Industry and the Fishery Codes
Fishermen and Fishing Craft, Earnings of
Foreign Trade under the National Industrial Recovery Act
- Part A - Competitive Position of the United States in International Trade 1927-29 through 1934.
- Part B - Section 3 (e) of NIRA and its administration.
- Part C - Imports and Importing under NRA Codes.
- Part D - Exports and Exporting under NRA Codes.

Forest Products Industries, Foreign Trade Study of the
Iron and Steel Industry, The
Knitting Industries, The
Leather and Shoe Industries, The
Lumber and Timber Products Industry, Economic Problems of the
Men's Clothing Industry, The
Millinery Industry, The
Motion Picture Industry, The
Migration of Industry, The: The Shift of Twenty-Five Needle Trades From New York State, 1926 to 1934
National Labor Income by Months, 1929-35
Paper Industry, The
Production, Prices, Employment and Payrolls in Industry, Agriculture and Railway Transportation, January 1923, to date
Retail Trades Study, The
Rubber Industry Study, The
Textile Industry in the United Kingdom, France, Germany, Italy, and Japan
Textile Yarns and Fabrics
Tobacco Industry, The
Wholesale Trades Study, The
Women's Neckwear and Scarf Industry, Financial and Labor Data on

Women's Apparel Industry, Some Aspects of the

Trade Practice Studies

Commodities, Information Concerning: A Study of NRA and Related Experiences in Control
Distribution, Manufacturers' Control of: Trade Practice Provisions in Selected NRA Codes
Distributive Relations in the Asbestos Industry
Design Piracy: The Problem and Its Treatment Under NRA Codes
Electrical Mfg. Industry: Price Filing Study
Fertilizer Industry: Price Filing Study
Geographical Price Relations Under Codes of Fair Competition, Control of
Minimum Price Regulation Under Codes of Fair Competition
Multiple Basing Point System in the Lime Industry: Operation of the
Price Control in the Coffee Industry
Price Filing Under NRA Codes
Production Control in the Ice Industry
Production Control, Case Studies in
Resale Price Maintenance Legislation in the United States
Retail Price Cutting, Restriction of, with special Emphasis on The Drug Industry.
Trade Practice Rules of The Federal Trade Commission (1914-1936): A classification for comparison with Trade Practice Provisions of NRA Codes.

Labor Studies

Cap and Cloth Hat Industry, Commission Report on Wage Differentials in
Earnings in Selected Manufacturing Industries, by States, 1933-35
Employment, Payrolls, Hours, and Wages in 115 Selected Code Industries 1933-35
Fur Manufacturing, Commission Report on Wages and Hours in
Hours and Wages in American Industry
Labor Program Under the National Industrial Recovery Act, The
  Part A. Introduction
  Part B. Control of Hours and Reemployment
  Part C. Control of Wages
  Part D. Control of Other Conditions of Employment
  Part E. Section 7(a) of the Recovery Act
Materials in the Field of Industrial Relations
PRA Census of Employment, June, October, 1933
Puerto Rico Needlework, Homeworkers Survey

Administrative Studies

Administrative and Legal Aspects of Stays, Exemptions and Exceptions, Code Amendments, Conditional Orders of Approval
Administrative Interpretations of NRA Codes
Administrative Law and Procedure under the NIRA
Agreements Under Sections 4(a) and 7(b) of the NIRA
Approve Codes in Industry Groups, Classification of
Basic Code, the -- (Administrative Order X-61)
Code Authorities and Their Part in the Administration of the NIRA
  Part A. Introduction
  Part B. Nature, Composition and Organization of Code Authorities

Part C. Activities of the Code Authorities
Part D. Code Authority Finances
Part E. Summary and Evaluation
Code Compliance Activities of the NRA
Code Making Program of the NRA in the Territories, The
Code Provisions and Related Subjects, Policy Statements Concerning
Content of NIRA Administrative Legislation
Part A. Executive and Administrative Orders
Part B. Labor Provisions in the Codes
Part C. Trade Practice Provisions in the Codes
Part D. Administrative Provisions in the Codes
Part E. Agreements under Sections 4(a) and 7(b)
Part F. A Type Case: The Cotton Textile Code
Labels Under NRA, A Study of
Model Code and Model Provisions for Codes, Development of
National Recovery Administration, The: A Review of its Organization and Activities
NRA Insignia
President's Reemployment Agreement, The
President's Reemployment Agreement, Substitutions in Connection with the
Prison Labor Problem under NRA and the Prison Compact, The
Problems of Administration in the Overlapping of Code Definitions of Industries and Trades, Multiple Code Coverage, Classifying Individual Members of Industries and Trades
Relationship of NRA to Government Contracts and Contracts Involving the Use of Government Funds
Relationship of NRA with States and Municipalities
Sheltered Workshops Under NRA
Uncodified Industries: A Study of Factors Limiting the Code Making Program

Legal Studies

Anti-Trust Laws and Unfair Competition
Collective Bargaining Agreements, the Right of Individual Employees to Enforce
Commerce Clause, Federal Regulation of the Employer-Employee Relationship Under the
Delegation of Power, Certain Phases of the Principle of, with Reference to Federal Industrial Regulatory Legislation
Enforcement, Extra-Judicial Methods of
Federal Regulation through the Joint Employment of the Power of Taxation and the Spending Power
Government Contract Provisions as a Means of Establishing Proper Economic Standards, Legal Memorandum on Possibility of
Industrial Relations in Australia, Regulation of
Intrastate Activities Which so Affect Interstate Commerce as to Bring them Under the Commerce Clause, Cases on
Legislative Possibilities of the State Constitutions
Post Office and Post Road Power -- Can it be Used as a Means of Federal Industrial Regulation?
State Recovery Legislation in Aid of Federal Recovery Legislation History and Analysis
Tariff Rates to Secure Proper Standards of Wages and Hours, the Possibility of Variation in
Trade Practices and the Anti-Trust Laws
Treaty Making Power of the United States
War Power, Can it be Used as a Means of Federal Regulation of Child Labor?

THE EVIDENCE STUDIES SERIES

The Evidence Studies were originally undertaken to gather material for pending court cases. After the Schechter decision the project was continued in order to assemble data for use in connection with the studies of the Division of Review. The data are particularly concerned with the nature, size and operations of the industry; and with the relation of the industry to interstate commerce. The industries covered by the Evidence Studies account for more than one-half of the total number of workers under codes. The list of those studies follows:

Automobile Manufacturing Industry
Automotive Parts and Equipment Industry
Baking Industry
Boot and Shoe Manufacturing Industry
Bottled Soft Drink Industry
Builders' Supplies Industry
Canning Industry
Chemical Manufacturing Industry
Cigar Manufacturing Industry
Coat and Suit Industry
Construction Industry
Cotton Garment Industry
Dress Manufacturing Industry
Electrical Contracting Industry
Electrical Manufacturing Industry
Fabricated Metal Products Mfg. and Metal Finishing and Metal Coating Industry
Fishery Industry
Furniture Manufacturing Industry
General Contractors Industry
Graphic Arts Industry
Gray Iron Foundry Industry
Hosiery Industry
Infant's and Children's Wear Industry
Iron and Steel Industry
Leather Industry
Lumber and Timber Products Industry
Mason Contractors Industry
Men's Clothing Industry
Motion Picture Industry
Motor Vehicle Retailing Trade
Needlework Industry of Puerto Rico
Painting and Paperhanging Industry
Photo Engraving Industry
Plumbing Contracting Industry
Retail Lumber Industry
Retail Trade Industry
Retail Tire and Battery Trade Industry
Rubber Manufacturing Industry
Rubber Tire Manufacturing Industry
Shipbuilding Industry
Silk Textile Industry
Structural Clay Products Industry
Throwing Industry
Trucking Industry
Waste Materials Industry
Wholesale and Retail Food Industry
Wholesale Fresh Fruit and Vegetable Industry
Wool Textile Industry

THE STATISTICAL MATERIALS SERIES

This series is supplementary to the Evidence Studies Series. The reports include data on establishments, firms, employment, Payrolls, wages, hours, production capacities, shipments, sales, consumption, stocks, prices, material costs, failures, exports and imports. They also include notes on the principal qualifications that should be observed in using the data, the technical methods employed, and the applicability of the material to the study of the industries concerned. The following numbers appear in the series:
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Asphalt Shingle and Roofing Industry
Business Furniture
Candy Manufacturing Industry
Carpet and Rug Industry
Cement Industry
Cleaning and Dyeing Trade
Coffee Industry
Copper and Brass Mill Products Industry
Cotton Textile Industry
Electrical Manufacturing Industry
Fertilizer Industry
Funeral Supply Industry
Glass Container Industry
Ice Manufacturing Industry
Knitted Outerwear Industry
Paint, Varnish, and Lacquer, Mfg. Industry
Plumbing Fixtures Industry
Rayon and Synthetic Yarn Producing Industry
Salt Producing Industry

THE COVERAGE

The original, and approved, plan of the Division of Review contemplated resources sufficient (a) to prepare some 1200 histories of codes and NRA units or agencies, (b) to consolidate and index the NRA files containing some 40,000,000 pieces, (c) to engage in extensive field work, (d) to secure much aid from established statistical agencies of government, (e) to assemble a considerable number of experts in various fields, (f) to conduct approximately 25% more studies than are listed above, and (g) to prepare a comprehensive summary report.

Because of reductions made in personnel and in use of outside experts, limitation of access to field work and research agencies, and lack of jurisdiction over files, the projected plan was necessarily curtailed. The most serious curtailments were the omission of the comprehensive summary report; the dropping of certain studies and the reduction in the coverage of other studies; and the abandonment of the consolidation and indexing of the files. Fortunately, there is reason to hope that the files may yet be cared for under other auspices.

Notwithstanding these limitations, if the files are ultimately consolidated and indexed the exploration of the NRA materials will have been sufficient to make them accessible and highly useful. They constitute the largest and richest single body of information concerning the problems and operations of industry ever assembled in any nation.

L. C. Marshall,
Director, Division of Review.

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